COMBINED ACCOUNTS 2015 GROUPAMA

Groupama
GROUP

INSURING TOMORROW WITH CONFIDENCE

REPORT OF THE BOARD OF DIRECTORS
ON THE COMBINED FINANCIAL STATEMENTS OF GROUPAMA
FISCAL YEAR 2015

1. ENVIRONMENT

MACROECONOMIC ENVIRONMENT

2015 saw the continuation of the rebalancing of global growth started in 2014. However, this rebalancing was more asymmetric and led to a decline in the pace of global growth. Developed economies continued to grow but with different degrees of progress: the United States confirmed its capacity for growth, and Europe confirmed its emergence from recession on a moderate growth pace. However, emerging economies were marked by a strong structural downturn (China in particular) or cyclical downturn (due to the drop in oil). Against this backdrop, the policies of central banks put in place actions influenced by their own issues related to their pace of domestic growth and their perceptions of uncertainty about global growth.

In the eurozone, growth resumed in 2015 in all the economies (on the order of 1.5% over the year), favoured by the weakening euro, improved credit terms, and falling oil prices. Nevertheless, this growth appears to be moderate because of persistent structural weaknesses of the economies of southern Europe and a recurring risk of anticipation of negative inflation. The year was also marked by increased political risks, such as in the countries of southern Europe (mid-year tensions in Greece around the risk of the country's exit from the eurozone), Spain and Portugal (political changes), and the questions related to the English referendum on staying in the European Union.
In this context, the European Central Bank (ECB) continued its unconventional policy with the extension of the quantitative easing (QE) policy at the beginning of the year to sovereign securities and the continuation of long-term refinancing operations for banks. The ECB finally announced in December a later deadline for the end of purchases of sovereign debt securities initially planned until September 2016 and a further cut to the deposit rate in a context of uncertainty about global growth that appeared during the summer.

In the United States, despite a major slowdown at the beginning of the year because of weather conditions, growth on average over the year was in line with 2014 (around 2.5%). The economy was marked by an acceleration in the employment market and the recovery of the real estate sector. However, contrary to the 2014 expectations, the Federal Reserve did not raise key interest rates until December. This delay is mainly explained by the uncertainties about the domestic impact of lower oil prices and the slowdown of the global economy.

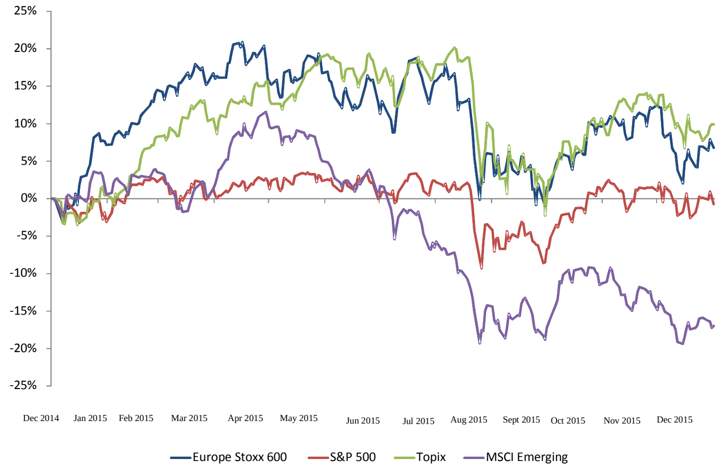
China continued to alter its economic model, which resulted in a slowdown in its economy and a gradual decline in its economic indicators. Throughout the year, the Central Bank accelerated its quantitative easing (decreases in key interest rates and minimum reserves) and fiscal measures by continuing its economic liberalisation programme and stepping up infrastructure investment plans at the local level. The changes in foreign exchange policy (devaluation of the yuan) at the end of August exacerbated fears of a hard landing of the economy causing a very violent shock on the markets.
Other emerging economies were generally subject to the impact of the continued decline in commodities, whether food, energy, or industrial. These declines weighed on the trade balance of the exporting countries, forced to act on their currencies. They declined by more than 20% on average against the dollar over the year. At the same time, specific geopolitical or budgetary risks accentuated the difficulties of certain countries more locally.

In Japan, the economy's trend seemed to turn around in 2015 with the first positive results of the policies carried out by the government, despite chaotic growth. The continuous improvement of the labour market and the very gradual acceleration of wages suggest the possibility of a real emergence from deflation. These changes explain why the Central Bank kept almost its monetary policy virtually unchanged throughout the year.

FINANCIAL MARKETS

Although the beginning of the year continued along the same trend as 2014, 2015 was ultimately marked by poor performance of risky assets starting in June in an environment of increased volatility.

Changes in equity markets

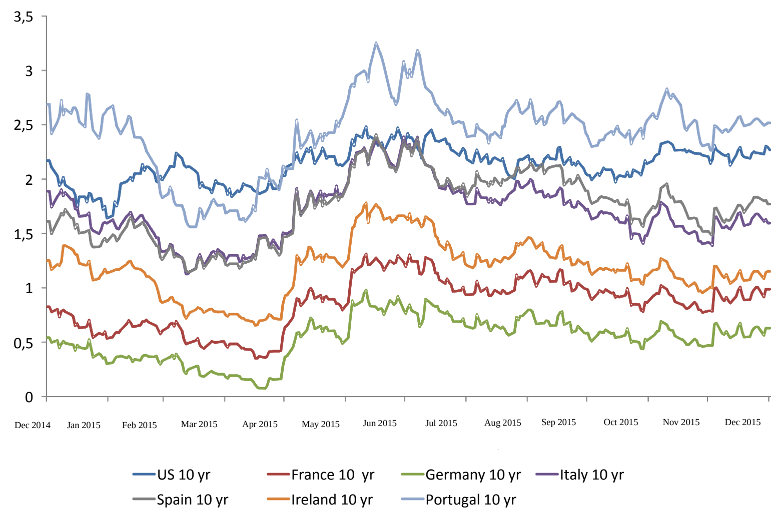


2015 saw high volatility on equity markets and prospects for global growth continually revised downwards. Performance levels were thus significantly down compared with 2014:

- The US market (S&P 500) finished the year virtually stable with a decline of -0.7% (after an increase of 11.4% in 2014). Despite growth in excess of 2%, US companies were negatively affected by the rising dollar over the year as well as the drop in oil prices, weighing heavily on the energy sector, which represents a significant share of the US economy.
- Although European markets have suffered more than US markets since the devaluation of the yuan, European equities gained 6.8% overall during the year, for reasons symmetrical to those presented for the US: weakening euro and declining oil prices.
- Japanese equity markets were also supported by the positive perception of economic policies (+9.9% on the Topix).

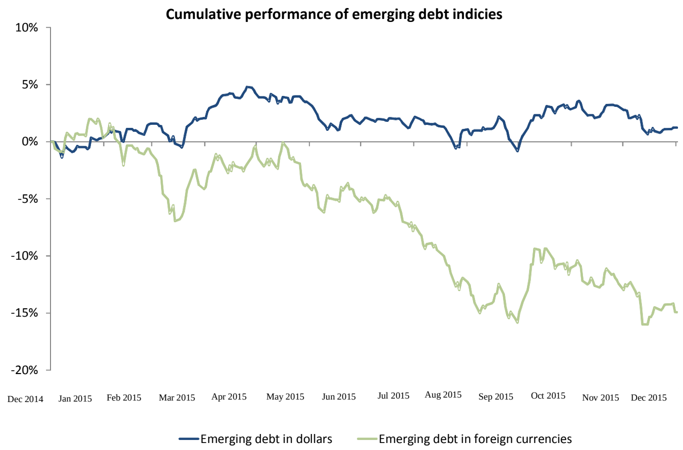
Emerging equity markets suffered greatly in 2015, ending the year with a 17% decline (MSCI Emerging) that began at the end of the first half of the year due to a deterioration of the economic environment of emerging countries.

Changes in yields



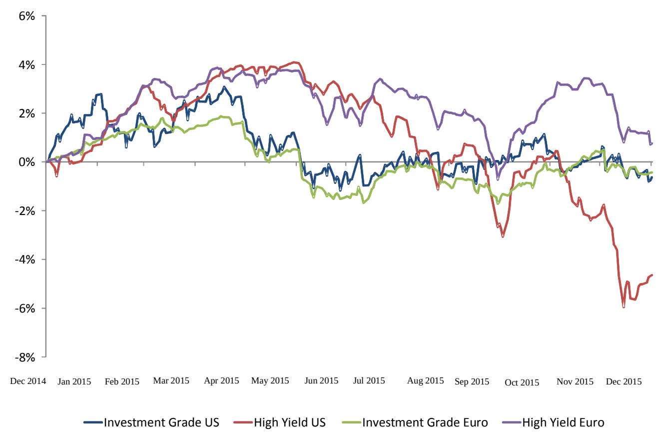
The fixed-income market was marked by a significant increase in volatility but ended at levels close to those seen at the beginning of the year:

- In the United States, because the Federal Reserved delayed increasing the key interest rate throughout the year, US long-term rates fluctuated between 1.65% and 2.50% and ended the year at 2.27% (versus 2.17% at the end of 2014).
- In the eurozone, the change in rates is explained mainly by the Central Bank's measures, driving long-term rates to record lows at the end of the first quarter following the announcement of its QE. Over the rest of the year, massive purchases of securities by the Central Bank dried up the bond markets, which capped long-term rates (despite the improvement in the economic situation) and led to a convergence of the region's rates. Thus:
    - German and French 10-year rates increased by 9 and 16 bp respectively, ending the year at 0.63% and 0.99%.
    - Over the same period, 10-year rates of peripheral countries, with the exception of Spain subject to stronger political risk, declined between 10 bp for Ireland and 30 bp for Italy.



Although performance levels were already significantly down at the end of 2014, emerging sovereign debt performed poorly in 2015 on the local currency debt segment due to a difficult economic environment. In total, in 2015, debt in USD increased 1.2%, whereas debt in local currencies declined 14.9%.

Changes in credit



In the eurozone, despite the acceleration of growth and monetary easing, credit had a chaotic 2015: IG credit (good-quality issuers) ended the year 0.4% down, whereas high-yield credit increased 0.8%. The figures for US credit were even worse: -0.6% on IG credit and -4.6% on high yield.

This change is explained by the under-performance of risky assets because of macro-economic news starting in the summer (falling oil prices impacting industry, especially in the United States, Chinese crisis affecting exporting companies) and because of the increase in rate volatility causing an expansion of credit risk premiums. In this context, the most fragile issuers were the most negatively affected.

2. SIGNIFICANT EVENTS OF FISCAL YEAR 2015

Changes in the strategic securities held by Groupama

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

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

On 3 March 2015, the group also sold all of its stake in the capital of Veolia Environnement, representing around 5.05% of the company's capital, for €491 million.

Financial rating

On 29 May 2015, the rating agency Fitch changed its rating for Groupama SA and its subsidiaries from BBB to BBB+ with a stable outlook. The agency believes, particularly because of the presence of a structured network in France and diversified risks, that the conditions for long-term profitability are present and strengthen the solvency of the group.

Governance

On 18 June 2015, the Board of Directors of Groupama SA renewed the terms of Jean-Yves Dagès as Chairman of Groupama SA and Thierry Martel as Chief Executive Officer of Groupama SA.

In connection with his reappointment, Thierry Martel announced the appointment of two Deputy Chief Executive Officers: Christian Cochennec, in charge of the casualty in France and IT business activities, and Fabrice Heyriès, in charge of the human resources, finance, legal, audit, and risk business activities.

Redemption of the perpetual subordinated bonds issued in 2005

On 3 June 2015, Groupama announced the early redemption of its perpetual subordinated bonds issued in 2005 at the first redemption date, i.e., 6 July 2015, in accordance with article 5 of the Terms and Conditions of the bonds.

On 6 July 2015, the redemption was carried out for €43 million, corresponding to the nominal value, plus accrued interest.

Issue of mutual insurance certificates

Groupama is the first mutual insurer to launch the mutual insurance certificates authorised by the Social and Solidarity Economy law of July 2014. The regional mutuals have the necessary financial resources to invest in the territories and develop a long-term quality relationship with their members based on trust. In December 2015, Groupama Rhône-Alpes Auvergne issued the first mutual insurance certificates to its members and customers for €3 million (inflows at the end of December 2015, with the campaign continuing over 2016).

Plan to simplify the structure of their holdings in Icade by Caisse des Dépôts and Groupama

On 21 December 2015, Caisse des Dépôts and Groupama indicated that they were considering, in continuing their partnership, a simplification of the structure of their holdings in Icade as reference shareholders of this company. This simplification would take the form of a merger/takeover of Holdco CIIS by Icade. At the end of this operation, Caisse des Dépôts and Groupama would become direct shareholders of Icade, with Caisse des Dépôts holding approximately 39% of Icade's capital and Groupama holding approximately 13%. This operation, subject to certain conditions precedent, will be proposed to Icade's board of directors and presented for a vote by Icade's shareholders called to approve the accounts for the fiscal year ended 31 December 2015.

Peer-to-peer economy and innovation

On 21 January 2015, Groupama Banque established a partnership with the crowdfunding platform Unilend to fund French very small companies and SMEs. Groupama Banque will contribute €100 million to the funding of corporate projects through Unilend over the next four years.

On 29 January 2015, Amaguiz and Coyote signed a partnership allowing Amaguiz policyholders, equipped with a Coyote S, to use video in case of an auto accident.

In February 2015, Gan Assurances signed an exclusive partnership with Lendopolis, the crowdfunding platform dedicated to very small companies and SMEs. Gan Assurances, alongside Lendopolis, will support business development projects of its choice and offer an “insurance” diagnosis taking into account a number of indicators (taking out civil liability insurance or not, etc.) and will thus enable investors to make a more informed choice in the level of risk of their investment.

On 24 February 2015, Groupama partnered with Airinov, a leader in agricultural drones, to support the development of drones, in the protection of risk and the deployment of new services to farmers. Groupama now gives all farmers the opportunity to insure their air drones, covering all damage that they may cause or suffer. In addition to insuring air drones for agricultural use, Groupama itself will use information provided by drones in carrying out its business as insurer with farmers. The expertise will thus be made more reliable to the benefit of the satisfaction of farmers insured with Groupama.

On 5 October, DIAC, the Renault group’s financing and services subsidiary, and Amaguiz teamed up to offer motor insurance to buyers of a new or used car purchased within the Renault and Dacia networks. DIAC and Amaguiz created a specific offering for customers of the Renault and Dacia brands: a simple, complete, and competitive offering. Since 8 October 2015, the Renault and Dacia brands have offered this new motor insurance solution through DIAC.

On 6 October 2015, Groupama teamed up with WeFarmUp.com, the world’s first farm equipment sharing platform. With this partnership, Groupama wishes to provide its expertise as an insurer to both owners and lessee to lease their equipment with confidence.

On 20 October 2015, Groupama and Facebook France teamed up to promote Groupama Team France, led by Franck Cammas, Michel Desjoyeaux, and Olivier de Kersauson, for the next America’s Cup in 2017. This partnership will provide an innovative way to track the French team not only in its athletic project but also its collective, technological, and economic project by 2017 and will help create strong national mobilisation around this event.

POST-BALANCE SHEET EVENTS

Joint Arrangements

On 4 January 2016, Groupama and Orange announced their beginning of exclusive negotiations to enter into a partnership to develop a new banking model that will allow Groupama to strengthen its online banking activity and Orange to complete its diversification into banking services. At the end of these negotiations, Orange could own 65% of Groupama Banque.

Groupama SA’s capital increase

At the end of February 2016, all of the Regional Mutuals simultaneously participated in a capital increase of Groupama Holding for €674.45 million and Groupama Holding 2 for €25.40 million.

Groupama Holding and Groupama Holding 2 fully subscribed to Groupama SA’s capital increase for €700 million.

3. ANALYSIS OF FINANCIAL STATEMENTS

3.1 SUMMARY OF ACTIVITY AND RESULTS

Premium income in millions of euros	31/12/14	31/12/14 pro forma	31/12/2015	Actual change	Like-for-like change
Property and casualty insurance - France	5,264	5,298	5,354	1.7%	1.1%
Groupama Gan Vie	3,356	3,356	3,398	1.3%	1.3%
Life and health insurance in France – excluding Groupama Gan Vie	1,948	1,949	1,943	-0.2%	-0.3%
Total Insurance - France	**10,567**	**10,602**	**10,695**	**1.2%**	**0.9%**
Property and casualty insurance - International	1,835	1,788	1,787	-2.6%	0.0%
Life and health insurance - International	953	948	983	3.2%	3.7%
Total Insurance - International	**2,788**	**2,736**	**2,770**	**-0.6%**	**1.3%**
Banking and financial businesses	279	279	280	0.1%	0.1%
Total - GROUPAMA	**13,634**	**13,617**	**13,745**	**0.8%**	**0.9%**
Total Insurance	**13,355**	**13,338**	**13,465**	**0.8%**	**1.0%**
Property and casualty insurance	7,099	7,085	7,141	0.6%	0.8%
Life and health insurance	6,257	6,253	6,324	1.1%	1.1%

2014 pro forma data:

The restatement of certain data from 31 December 2014 was necessary in order to permit the comparison and analysis of changes between the two periods.

As at 31 December 2015, the Antilles de Gan Outre-Mer portfolio was contributed to Groupama Antilles Guyane. This transfer was the subject of a pro forma in the accounts as at 31 December 2014 (impact: €35 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 2014 were converted based on the exchange rate at 31 December 2015.

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 2015 and the actual data at 31 December 2014, converted at the average exchange rates at 31 December 2015.

At 31 December 2015, Groupama's combined premium income from Insurance stood at €13.3 billion, up +1.0% on a like-for-like basis (+0.8% in actual data) compared with 31 December 2014. Incorporating financial businesses, the group's combined premium income was up +0.9% on a like-for-like basis (+0.8% in actual change) at €13.7 billion.

The group's **property and casualty insurance** premium income increased +0.8%. In France, it increased +1.1%, whereas it remained stable over the period internationally. Activity in property and casualty insurance was supported by the growth of insurance for businesses and local authorities (+2.2% in France and +2.4% internationally) as well as business lines such as assistance (+13.0%) and legal protection (+10.6%) in France. Insurance for individuals and professionals saw growth in home insurance both in France (+2.6%) and internationally (+2.8%) and in property damage insurance for professionals and self-employed business owners (+5.9% in France and +11.9% internationally), which mitigated the slight decrease in premium income in passenger vehicles in France (-0.4%) and the more significant downturn internationally (-4.4%).

Life and health insurance premium income grew by +1.1% at 31 December 2015. Groupama Gan Vie, which supports the savings/pension activity in France, enjoyed a +1.3% increase in premium income over the period, marking a shift after several years of decline. Other life and health insurance business activities in France decreased -0.3%. This change is mainly explained by the decline in health (individual and group – excluding Groupama Gan Vie: -1.2%, including -2.1% in individual health and +10.0% in group health). These changes are in part related to the entry into force of the ANI scheme as from 1 January 2016. International life and health insurance premium income increased +3.7%, supported mainly by the increase in individual savings/pension (+2.8%).

Insurance premium income in France represented 77.8% of the Group's overall business over the period, whereas international insurance premium income amounted to 20.2% of total premium income. The Group's other business activities (financial and banking) represented 2% of total premium income. Net banking income from these businesses amounted to €203 million at 31 December 2015.

Economic operating income in millions of euros	31/12/14	31/12/2015	Change in value	Change %
Property and casualty insurance - France	83	151	68	82%
Life and health insurance - France	59	120	61	>100%
Total Insurance - France	**142**	**271**	**129**	**91%**
Property and casualty insurance - International	29	-33	-62	<-100%
Life and health insurance - International	19	32	13	68%
Total Insurance - International	**48**	**-1**	**-49**	**<-100%**
Banking and financial businesses	16	9	-7	-44%
Holding activities	-77	-117	-40	-52%
Total - GROUPAMA	**129**	**163**	**34**	**26%**
Property and casualty insurance	112	118	6	5%
Life and health insurance	78	152	74	95%

The Group's **economic operating income** increased by +€34 million to +€163 million at 31 December 2015.

Economic operating income from insurance amounted to +€270 million in 2015 (+42% over the period).

Economic operating income from **life and health insurance** totalled +€152 million in 2015 versus +€78 million in 2014, up +€74 million (+€61 million in France and +€13 million internationally). This growth in France resulted from the net combined ratio in health and other bodily injuries (excluding Groupama Gan Vie), which improved -2.5 points to 93.4% in 2015, and life entities, which, under the effect of the gradual transformation of their portfolio in recent years (development of unit-linked) as well as cost control, saw their earnings increase despite the impact of low rates, resulting in an expense of nearly €26 million net of taxes in 2015.

In property and casualty insurance, economic operating income amounted to +€118 million compared with +€112 million for the previous period.

The net non-life combined ratio was thus 99.2% in 2015 versus 99.0% in 2014 (+0.2 points). This change is due to the following:

- stability of the attritional loss experience at 58.7%;
- decreased expenses from serious claims (-1.3 points) and weather claims (-1.2 points); and
- an unfavourable impact of changes over prior fiscal years and other underwriting reserves (+2.7 points of the combined ratio). To a large extent, this change is related to the environment of low rates weighing on non-life annuity reserves. The rate effect represents an expense of nearly €204 million in 2015 compared with €103 million in 2014.

Banking and financial businesses contributed +€9 million to the group's economic income in 2015. The group's holding activity posted an economic operating loss of -€117 million in 2015, compared with -€77 million in 2014.

The **group's net income** totalled +€368 million at 31 December 2015 compared with +€257 million at 31 December 2014. The non-recurring financial margin amounted to €281 million in 2015 (+€133 million compared with 2014) under the effect of the realisation of capital gains related to the sale of holdings in Mediobanca and Veolia and a favourable effect of the change in fair value of assets recognised at fair value through income. Non-recurring items weighed on net income for the period in the amount of -€64 million.

Net income in millions of euros	31/12/14	31/12/2015	Change in value 2015/2014
Property and casualty insurance - France	151	207	56
Life and health insurance - France (1)	157	203	46
Total Insurance - France	**308**	**410**	**102**
Property and casualty insurance - International	59	-30	-89
Life and health insurance - International	13	34	21
Total Insurance - International	**71**	**4**	**-68**
Banking and financial businesses	4	11	8
Holding activities	-132	-50	82
Other	6	-7	-13
Total net income - GROUPAMA	**257**	**368**	**111**

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

3.2 ACTIVITY AND RESULTS - FRANCE

Premium income - France in millions of euros	31/12/14 pro forma			31/12/2015		
	L&H	P&C	Total	L&H	P&C	Total
Regional Mutuals	1,752	3,659	5,411	1,756	3,665	5,421
Groupama SA	25	111	136	25	134	159
Groupama Gan Vie	3,356		3,356	3,398		3,398
Gan Assurances	155	1,259	1,413	148	1,266	1,414
Amaline Assurances	7	52	59	5	52	57
Other entities (1)	10	217	227	9	238	247
Total	**5,305**	**5,298**	**10,602**	**5,341**	**5,354**	**10,695**

(1) including Assuvie

Insurance premium income for France as at 31 December 2015 increased by +0.9% compared with 31 December 2014 and totalled €10,695 million.

Property and casualty insurance

Insurance premium income in millions of euros	P&C - France		
	31/12/14 pro forma	31/12/2015	Change %
Regional Mutuals	3,659	3,665	0.2%
Groupama SA	111	134	20.3%
Gan Assurances	1,259	1,266	0.6%
Amaline Assurances	52	52	-0.7%
Other entities	217	238	9.8%
Total	**5,298**	**5,354**	**1.1%**

Property and casualty insurance premium income (50.1% of premium income in France) increased +1.1% to €5,354 million at 31 December 2015. Insurance for individuals and professionals increased +1.1% over the period to €3,208 million (i.e., almost 60% of written premiums in property and casualty insurance). It benefited from the growth in home insurance (+2.6% to €1,014 million) and professional risks (+5.9% to €428 million). Insurance for businesses and local authorities also increased (+2.2%), supported by the growth in fleets (+3.0%). The development of the partnership with La Banque Postale (+€18 million in additional contributions to Groupama SA's premium income) as well as the increase in the business activity of other specialised entities (+€12 million in Assistance and +€9 million in Legal Protection) also contributed to the increase in property and liability insurance premium income.

Premium income of **regional mutuals** in property and casualty insurance (€3,665 million) grew +0.2% over the period. Rate increases favoured the increase in activity on home insurance (+1.7% to €741 million) and professional risks (+3.3%). The growth in the fleet segment, in connection with the development of brokerage, should also be noted (+ 5.2% to €277 million). However, these good performance levels are mitigated by the decline in passenger vehicles (-1.2% to €1,042 million) and agricultural businesses (-0.9% to €888 million).

The premium income of **Groupama SA**, which supports certain national business activities (insurance partnership with LBP Assurance, group P&C policies, particularly social insurance cover for company executives) and the share in the professional pools (Gareat, Assurpol, etc.), amounted to €134 million as at 31 December 2015 versus €111 million over the previous period. This growth (+20.3%) came primarily from the increase in premium income generated with La Banque Postale (+€18 million).

Premium income for **Gan Assurances** rose +0.6% in a context of moderate price increases. It stood at €1,266 million as at 31 December 2015, driven by individual and professional insurance (+1.3%). The development of the portfolio explains the increase in premium income for professional risks (+5.8%). However, this good performance was mitigated by the decline in construction (-2.8%) and passenger vehicles (-0.3%). The downturn in fleets (-1.2%) and agricultural business lines (-3.7%) was also noteworthy.

As at 31 December 2015, Amaline's premium income in property and casualty insurance decreased by -0.7% to €52 million under the effect of the decline in passenger vehicle insurance (-2.0%), whereas home insurance was up by +3.0%. Note that the partnership with Renault that began at the end of 2015 is not yet significantly reflected in premium income.

Groupama Assurance Crédit posted premium income of €38 million as at 31 December 2015, down -1.6% in relation to the previous period.

Premium income for **Mutuaide Assistance** as at 31 December 2015 was up +13.0% at €106 million. This change was particularly related to the contribution of new policies by brokers and the price revision impacting bank cards.

Groupama Protection Juridique's premium income grew by +10.6% as at 31 December 2015 to €94 million, due to the steady development of partnerships (particularly with La Banque Postale).

Economic operating income in **property and casualty insurance** in France totalled €152 million in 2015 compared with €83 million in 2014. It is presented as follows:

Property and casualty insurance - France *In millions of euros*	**31/12/14**		**31/12/2015**		**2015-2014 change**	
Gross earned premiums	5,294	100.0%	5,375	100.0%	81	1.5%
Underwriting expenses (policy servicing) - excluding claims management costs	-3,407	-64.4%	-3,399	-63.2%	9	0.3%
Reinsurance balance	-244	-4.6%	-189	-3.5%	54	22.4%
Underwriting margin net of reinsurance	**1,643**	**31.0%**	**1,787**	**33.3%**	**144**	**8.8%**
Net expenses from current underwriting operations	-1,566	-29.6%	-1,637	-30.4%	-71	-4.5%
Underwriting income net of reinsurance	**77**	**1.5%**	**151**	**2.8%**	**74**	**95.3%**
Recurring financial margin net of tax	87	1.6%	111	2.1%	24	27.4%
Other items	-81	-1.5%	-109	-2.0%	-29	-35.6%
Economic operating income	**83**	**1.6%**	**152**	**2.8%**	**69**	**82.3%**
Capital gains realised net of corporate income tax	67	1.3%	61	1.1%	-6	-9.1%
Allocations to reserves for permanent impairment net of corporate income tax	-7	-0.1%	-2	0.0%	5	71.4%
Gains or losses on financial assets recognised at fair value net of corporate income tax	11	0.2%	8	0.1%	-3	-27.3%
Other operations net of corporate income tax	-4	-0.1%	-12	-0.2%	-8	<-100%
Group net income	**151**	**2.8%**	**207**	**3.9%**	**57**	**37.5%**

In **France**, **net underwriting income** (gross premiums earned – gross underwriting expenses – net expenses from current underwriting operations and reinsurance balance) increased by +€74 million over the period. This increase is related to the improvement of the P&C net combined ratio, which amounted to 97.2% in 2015 versus 98.5% in 2014, a significant decrease of -1.3 points over the period. Fiscal year 2015 improved as a result of a decline in the weather and serious claims expense, which led to an improvement of -1.2 points in the gross loss ratio, amounting to 63.2% in 2015. The operating expense ratio amounted to 30.4% in 2015, slightly higher than in 2014, under the effect of increased commissions (particularly related to the brokerage business).

The following key items should be noted as at 31 December 2015:

Net underwriting income from the portfolio of **regional mutuals** portfolio was characterised by a strong improvement of 2.2 points in the P&C combined ratio to 96.1%. The technical improvement was particularly driven by a decrease in the loss experience excluding serious and weather claims of -0.3 points in addition to the impact of the decline of -1.7 points in the loss experience on weather claims and -3.6 points in the loss experience on serious claims. Note that the environment of low rates also weighed on underwriting income from the portfolio of regional mutuals for €118 million in 2015 compared with €67 million in 2014.

Underwriting income for Gan Assurances in property and casualty insurance was down -€37 million as at 31 December 2015. This change is explained by the increase in the current loss experience because of the sharp increase in the weight of serious claims (+5.1 points, particularly in motor liability and business protection). Conversely, note the decrease in the weather claims expense as well as the improvement of the attritional loss experience. Gan Assurances was also burdened by the environment of low rates, which accounted for €46 million in 2015. The operating expense ratio amounted to 30.2% in 2015.

Amaline's net combined ratio was 98.7% in 2015 versus 119.5% the previous period (-20.8 points) under the effect of the decrease in the current loss experience (-12.4 points to 76.4%) both in passenger vehicles (-10.3 points to 73.6%) and in home insurance (-19.9 points to 83.5%) due to good control of average costs and a decrease in frequency.

Property and casualty insurance in France was impacted in 2015 (like in 2014) by the effect of a decline in rates representing a net expense of -€108 million versus -€57 million in 2014.

In **France**, the **recurring financial margin** (after tax) in the **property and casualty insurance** business amounted to €111 million, up over the period.

The **other items** particularly include the 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 +€207 million in 2015 versus +€151 million in 2014. The non-recurring financial margin was almost stable over the period. Exceptional items represented an expense of -€12 million in 2015 versus -€4 million in 2014.

Life and health insurance

Insurance premium income in millions of euros	L&H France 31/12/14 pro forma	31/12/2015	Change %
Groupama Gan Vie	3,356	3,398	1.3%
Regional Mutuals	1,752	1,756	0.2%
Groupama SA	25	25	0.0%
Gan Assurances	155	148	-4.4%
Amaline Assurances	7	5	-22.7%
Other entities (1)	10	9	-12.6%
Total	**5,305**	**5,341**	**0.7%**

(1) including Assuvie

Life and health insurance premium income (49.9% of premium income in France) increased +0.7% to €5,341 million. Group premium income for life and capitalisation in France fell by -1.3% in a market that posted an increase of +5% at the end of December 2015 (source FFSA). This change is mainly attributable to the decline in the individual savings/pensions business in euros (-2.9% to €1,203 million), while unit-linked premium income increased +7.3%. After taking into account arbitrage operations (euros for unit-linked for €199 million) on Fourgous transfers (€239 million) and unit-linked net inflows (€352 million), the rate of actuarial reserves in individual unit-linked savings is now 20.7% (compared with 17.6% as at 31 December 2014).

Premium income in health and bodily injury as at 31 December 2015 was up +2.5% compared with 31 December 2014. This change is due in particular to the increase in health (+2.2%), which breaks down into a decrease of -2.4% in individual health and an increase of +14.2% in health with the scheduled implementation of the ANI on 1 January 2016. All portfolios combined, ANI policy production totalled 50,000 at the end of December 2015.

The group's net inflows were negative at -€1,213 million as at 31 December 2015 compared with -€1,373 million over the previous period. This change is related to funds in euros. Inflows from individual unit-linked insurance totalled €352 million (versus +€277 million in 2014).

The networks comprising **Groupama Gan Vie** posted a +1.3% increase in premium income as at 31 December 2015, totalling €3,398 million. By business line, Groupama Gan Vie's premium income was mostly generated in individual insurance (64.0%), with premiums written -1.8% lower compared with 31 December 2014 at €2,176 million. This change is essentially related to the decline in individual protection insurance. Activity in individual savings grew +1.2%, breaking down into stability in savings in euros and a +2.8% increase in unit-linked savings. Unit-linked outstandings in individual savings thus continued to grow thanks to the success of commercial operations and now represent 20.7% of total outstandings versus 17.6% at the end of December 2014. Note that in addition to premium income, Groupama Gan Vie managed Fourgous transfers (not recognised in premium income) for €609 million (including €239 million in unit-linked investments) as well as arbitrages of euro funds of multi-component for unit-linked amounting to €199 million. Group insurance (36.0% of the business) increased +7.1% to €1,222 million in connection with the growth of the health segment (+15.3%). The network placed a major focus on developing group health with the upcoming implementation of the ANI. There were 33,260 ANI policies in the portfolio at the end of 2015, all effective dates combined.

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

In millions of euros	*31 December 2014*	*31 December 2015*	*Change 2015 / 2014*
Regional mutuals	1029	1043	1.3%
Multi-line agents	911	868	-4.7%
Brokerage	686	765	11.4%
Gan Patrimoine	196	204	4.3%
Gan Prévoyance	532	514	-3.3%
Réunima	3	4	56.1%
Total	**3,356**	**3,398**	**1.3%**
Individuals	2215	2176	-1.8%
of which savings/pensions in €	*1238*	*1203*	*-2.9%*
of which unit-linked savings/pensions	*515*	*553*	*7.3%*
Groups	1141	1222	7.1%
Total	**3,356**	**3,398**	**1.3%**

Premium income of the **network of regional mutuals** amounted to €1,043 million as at 31 December 2015, up +1.3% compared with the previous period. Activity in individual insurance totalled €1.006 million because of the growth in individual savings (+3.1%). Also note that Fourgous transfers amounted to €512 million as at 31 December 2015 including €191 million invested in UL. Arbitrage of euro funds for UL amounted to €98 million in 2015. Group insurance premium income totalled €36 million as at 31 December 2015, compared with €42 million over the previous period.

The agent network posted premium income of €868 million as at 31 December 2015, down -4.7% compared with 31 December 2014. Written premiums in individual insurance decreased under the effect of the decrease in premium income of the individual retirement/savings segment in euros (-9.6%), whereas unit-linked premium income increased by +10.6% over the period. This network benefited from Fourgous transfers of €16 million as at 31 December 2015, including €7 million invested in UL. Arbitrage of euro funds for UL amounted to €19 million as at 31 December 2015. Group insurance activity increased +1.7% under the effect of growth in the health segment (+6.0%), which benefited from new business because of the ANI. However, these good performance figures are mitigated by the decline in group protection insurance (-0.8%).

The brokerage network generated €765 million in premium income as at 31 December 2015, an increase of +11.4% compared with 31 December 2014, in connection with the growth of the health segments (+20.9%) because of the establishment of the ANI and inward reinsurance (+16.1%).

The **Gan Patrimoine** network's premium income was up +4.3% and amounted to €204 million as at 31 December 2015. The growth of unit-linked premium income in individual savings/pension (+6.8%) was mitigated by the decline in individual savings/pensions in euros (-1.9%). Fourgous transfers amounted to €81 million at the end of 2015, including €41 million invested in UL. Arbitrage of euro funds for UL amounted to €82 million as at 31 December 2015.

Gan Prévoyance's commercial network saw a decrease of -3.3% in its business. It contributed €514 million to the group's premium income as at 31 December 2015, under the effect of decreased premiums in protection insurance (-5.0%) and health (-15.4%). This individual health portfolio was affected by the emergence of ANI group policies. Activity in individual savings/retirement decreased -1.2% despite the doubling of unit-linked premium income over the period.

In life and health insurance, premium income from the **regional mutuals** (€1,756 million) increased +0.2% compared with 31 December 2014. Life and health insurance posted a decrease of -0.9% in connection with the decline in individual health (-1.7% to €1,149 million) under the effect of the arrival of the ANI. Group life and health insurance was up +7.7%, boosted by the growth in the local authority health insurance (+10.0%) and protection insurance (+8.3%) segments.

Groupama SA's life and health insurance premium income, which corresponds to certain national activities (ANIPS inward reinsurance, etc.), was stable compared with 31 December 2014 and amounted to €25 million as at 31 December 2015.

Premium income in life and health insurance (individual health) of **Gan Assurances** amounted to €148 million as at 31 December 2015. It decreased -4.4% over the period under the effect of a decrease in the number of policies in the portfolio (-10,062 policies) related to the ANI.

The **Caisses Fraternelles** generated €5 million as at 31 December 2015, a -17.5% decrease compared with the previous period.

The discontinued business of the subsidiary **Assuvie** continued to decline (-12.7%) compared with 31 December 2014. Its premium income (consisting only of periodic premiums in run off) amounted to €4 million as at 31 December 2015.

In **life and health insurance**, economic operating income in France was €120 million in 2015 compared with €59 million in 2014.

Life and health insurance in France - In millions of euros	31/12/14		31/12/2015		2015-2014 change	
Gross earned premiums	5,299	100.0%	5,351	100.0%	52	1.0%
Underwriting expenses (policy servicing) - excluding claims management costs	-4,259	-80.4%	-4,246	-79.3%	13	0.3%
Reinsurance balance	-15	-0.3%	-24	-0.4%	-9	-61.4%
Underwriting margin net of reinsurance	**1,026**	**19.4%**	**1,082**	**20.2%**	**56**	**5.5%**
Net expenses from current underwriting operations	-1,128	-21.3%	-1,117	-20.9%	10	0.9%
Underwriting income net of reinsurance	**-102**	**-1.9%**	**-35**	**-0.7%**	**67**	**65.5%**
Recurring financial margin net of profit sharing and tax	150	2.8%	170	3.2%	19	12.9%
Other items	11	0.2%	-14	-0.3%	-25	<-100%
Economic operating income	**59**	**1.1%**	**120**	**2.2%**	**61**	**>100%**
Capital gains realised net of corporate income tax and profit sharing	119	2.2%	110	2.1%	-9	-7.8%
Allocations to reserves for long-term impairment net of corporate income tax and profit sharing	-2	0.0%	-24	-0.4%	-22	<-100%
Gains or losses on financial assets recognised at fair value net of corporate income tax and profit sharing	-12	-0.2%	10	0.2%	22	>100%
Amortisation of intangible assets net of corporate tax		0.0%		0.0%		
Other operations net of corporate income tax	-2	0.0%	-6	-0.1%	-4	<-100%
Goodwill impairment				0.0%		
Group net income [(1)]	**162**	**3.1%**	**210**	**3.9%**	**48**	**29.4%**

Net underwriting income from reinsurance increased +€67 million in 2015 primarily because of the improvement in the underwriting income of Groupama Gan for +€9 million and other non-life entities for €58 million (including €38 million on regional mutuals and €15 million on Groupama SA).

Net underwriting income **of the regional mutuals** in life and health insurance, which pertains to the health and bodily injury businesses, presented a loss experience down -3.9 points over the period to 71.6% in 2015.

Consequently, the underwriting income of the entity **Groupama SA**, which mainly corresponded to the inward share from the mutuals increased by €15 million with a loss ratio that decreased -3.2 points to 75.7% in 2015.

On **Groupama Gan Vie**, net underwriting income increased €9 million in 2015 under the effect of growth in the net underwriting margin (+€2 million, including +€12 million for individual and -€10 million for group) and the decrease in operating expenses (+€6 million).

In **individual insurance**, the underwriting margin (excluding expenses) increased +€12 million in 2015. The current underwriting margin decreased -€4 million despite the sharp increase in mark-ups on unit-linked outstandings (+€12 million). This increase was absorbed by the decrease in mark-ups on premiums (-€4 million) because of the change in premium income in euros and the decline in results of loss experience and additional guarantees (-€11 million). In addition, note that non-recurring increased €14 million.

In **group insurance**, the underwriting margin (excluding expenses) declined -€10 million in 2015. The current underwriting margin increased €27 million under the effect of the increase in mark-ups on premiums (+€15 million) mainly in health in connection with the business activity's development as part of the establishment of the ANI and the improvement in underwriting margins (+€12 million) mainly in protection insurance because of a significant decline in the death loss experience. Conversely, note that the rate change for actuarial reserves in work stoppage weighed on the 2015 margin for -€39 million.

The individual life and health insurance net underwriting income of the entity **Groupama SA** increased by €15 million with a loss ratio down -3.2 points to 75.7% in 2015.

Recurring financial margin (net of profit sharing and taxes) increased by €19 million over the period.

In **France**, **net income** from life and health insurance amounted to +€210 million as at 31 December 2015 compared with +€162 million as at 31 December 2014.

3.3 ACTIVITY AND RESULTS - INTERNATIONAL

	31/12/14 pro forma			31/12/2015		
International premium income in millions of euros	**L&H**	**P&C**	**Total**	**L&H**	**P&C**	**Total**
Italy	557	1,039	1,596	605	995	1,600
Greece	58	88	146	54	85	138
Turkey	78	313	391	83	328	411
Countries of Central and Eastern Europe	197	283	480	183	313	497
of which Hungary	*181*	*132*	*313*	*164*	*140*	*304*
of which Romania	*12*	*148*	*160*	*14*	*167*	*181*
of which Bulgaria	*4*	*3*	*7*	*5*	*6*	*11*
Portugal	51	7	58	52	9	61
Gan Outre-Mer	7	57	64	7	57	64
Total	**948**	**1,788**	**2,736**	**983**	**1,787**	**2,770**

The group's **International** combined **premium income** was €2,770 million as at 31 December 2015, up +1.3% compared with 31 December 2014.

Property and casualty insurance generated premium income of €1.787 million at 31 December 2015, stable compared with the previous period thanks in particular to the growth of agricultural business segments in Turkey and fleets in Hungary, whereas conversely the group saw a -4.4% decline internationally in passenger vehicles, which represented more than 60% of property and liability insurance premiums under the effect of difficult macroeconomic or market conditions in certain countries (Italy, Greece, and Turkey in particular).

Life and health insurance premium income grew by +3.7% to €983 million. Life and health insurance increased +3.2% thanks to the increase in premium income of the individual savings/retirement segment (+2.8%). The high growth is driven particularly by Italy. Group life and health insurance was up +7.0%, supported by the growth in the group protection (+10.2%) and group health (+13.3%) segments.

Economic operating income from insurance on the International scope was in balance in 2015, but down significantly compared with 2014.

The **property and casualty insurance** combined net ratio of subsidiaries abroad amounted to 105.7%, up +3.8 points compared with 31 December 2014. This deterioration is attributable to Turkey, where a judicial environment with minimal supervision combined with growing recourse to the courts in the policyholder compensation relationship on the motor liability segment weighed heavily on the combined ratio (+33 points). This unfavourable change masks an improvement in the loss experience in Italy (-2.6 points) and Greece (-3.9 points) as well as quasi-stability of the net loss experience in Romania. The operating expense ratio decreased -0.3 points to 29.8% in 2014, reflecting the efforts undertaken by the subsidiaries.

The improvement of underwriting income in life and health insurance is related to the increase in underwriting income of the health and bodily injury businesses (+€9 million) and, to a lesser extent, the increase in the underwriting income of the life and capitalisation businesses (+€3 million).

Economic operating income in millions of euros	31/12/14	31/12/2015	change
Italy	16	37	21
Greece	10	8	-2
Turkey	1	-90	-91
Portugal	0	-1	-1
Countries of Central and Eastern Europe	**15**	**15**	**0**
Hungary	*13*	*10*	-4
Romania	*2*	*6*	5
Bulgaria	*0*	*-1*	-1
Great Britain	4	9	5
Gan Outre-Mer	7	10	3
Equity-method entities	**-6**	**11**	**17**
Tunisia (Star)	3	9	5
Other	2	0	-2
China (Avic)	-12	2	14
Total	**48**	**-1**	**-49**

Net income from international insurance amounted to €4 million as at 31 December 2015 compared with €71 million as at 31 December 2014.

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

Net income in millions of euros (1)	31/12/14	31/12/2015
Italy	**28**	**36**
Greece	**9**	**14**
Turkey	**11**	**-99**
Portugal	**1**	**3**
Central and Eastern European countries	**19**	**20**
of which Hungary	16	15
of which Romania	3	5
of which Other	0	-1
Great Britain	**4**	**9**
Gan Outre-Mer	**8**	**10**
Equity-method entities	**-8**	**11**
Tunisia (Star)	3	9
China (Groupama Avic)	-12	2
Total	**71**	**4**

(1) excluding income from the Holding business.

Italy

Premium income for the Italian subsidiary **Groupama Assicurazioni** increased slightly by +0.2% to €1,600 million as at 31 December 2015.

Premium income in **property and casualty insurance** decreased -4.3% to €995 million, primarily under the effect of the downturn in activity in passenger vehicles (-7.3%), which represents 75% of premiums written in property and casualty insurance. In an environment of competitive pressure on the market, the subsidiary chose to preserve its profitability, which allowed it to contain the decline in the average premium at a lower level than the market, thereby managing to limit the erosion of its portfolio (-4.4% in number at the end of December 2015 compared with the end of 2014). The subsidiary also continued its reorientation towards other property and liability insurance segments. However, the development of the portfolio in number allowed the home and business protection segments to perform well (+5.0% and +6.0% respectively), which mitigated the downturn in property and casualty insurance activity.

The **life and health insurance** business (€605 million) posted a sharp increase of +8.7%, driven by the growth of the individual savings/pensions segment (+9.5%), which benefited from the good performance of the branches mainly. In connection with the group's strategy, the strong development of unit-linked premium income, which doubled over the period, should be noted.

Groupama Assicurazioni's **economic operating income** totalled +€37 million in 2015, up €21 million compared with 31 December 2014.

The combined ratio in **property and casualty insurance** amounted to 101.4%, down -2.4 points compared with 31 December 2014. This change, which is part of an ongoing process to improve profitability, is mainly explained by the improvement of the current loss experience (-2.7 points to 73.3%), thanks to the improvement of the motor loss experience (-1.4 points to 75%) particularly under the effect of the establishment of action plans intended to improve technical management and reduce the average cost of motor claims, in an environment of strong competition weighing on rates, and the loss experience of home insurance (-4.9 points to 56.8% excluding natural events) and business protection insurance (-15.7 points to 67.0% excluding natural events), the latter having benefited from lower expenses from serious claims in 2015.
Despite the good control of operating expenses in value, the ratio increased +0.4 points to 28% due to the decrease in earned premiums. This change is related to the increase in commissions (under the effect of the actions to change the product mix), while general expenses specific to the structure were down 2.7%.

In **life and health insurance**, net underwriting income was up sharply by +€14 million thanks to the development of protection insurance. The combined ratio decreased -11.6 points to 81.6% due to the significant improvement in the loss experience in protection insurance (-5.6 points to 43.8%) and health (-6.7 points to 99.7%) and the increase in reserves releases on prior fiscal years. In life, the underwriting margin net of fees increased by +€3.4 million, which can be attributed to traditional savings in euros and individual protection insurance.

The entity's **contribution** represented a profit of €36 million in 2015, up €8 million compared with 31 December 2014. The non-recurring financial margin decreased, as the previous fiscal year had been the subject of a significant investment asset sale programme. This contribution includes the amortisation of portfolio securities (-€11 million after taxes).

Turkey

Premium income for the Turkish subsidiaries **Groupama Sigorta** and **Groupama Emeklilik** increased by +5.1% to €411 million as at 31 December 2015.

Property and casualty insurance premium income (€328 million) increased by +5.0%. This change is very mixed depending on the segments:

- the agricultural risks segment (including Tarsim) increased by +48.3% mainly through the agriculture cooperative network TKK.
- the business protection segment decreased -21.4% under the effect of a more selective underwriting policy.
- the passenger vehicle segment was down -6.5% but with a substantial difference between the motor liability and motor damage. Motor damage increased +4.2%, supported by the development of the portfolio in number (+2.6%) and the increase in the average premium. However, up against a very difficult market (major recourse to the courts in insurer/policyholder relations, very unstable judicial environment, insufficiently clear regulatory framework), the motor liability segment suffered a large deficit (on the entire Turkish market). Groupama Sigorta has reduced its exposure to this risk very significantly for several years, from a market share of approximately 10% in 2008 to a little less than 2% at the end of 2015. This was done particularly through massive rate increases in motor liability. The subsidiary thus saw a decrease in the motor liability portfolio in number (-37.8%) compared with the end of 2014.

The **life and health insurance** business (€83 million) increased +5.4%, mainly under the effect of the growth of the individual health segment (+18.8% thanks to the good performance of the branches, which benefited from a new regulation requiring foreign residents to take out health insurance). However, this good performance was mitigated by the decline in the group health segment (-26.6%) under the effect of portfolio selection actions.

In a context marked by a sharp decline in motor liability activity, Groupama Sigorta and Groupama Emeklilik generated an **economic operating loss** of -€90 million in 2015 compared with breaking even in 2014.

> Under the effect of the drop in the motor liability market, the combined ratio of the **property and casualty insurance** activity increased +30 points to 136.0% as at 31 December 2015 after a 2014 significantly affected by two major claims but with limited impact for the subsidiary after reinsurance. The loss experience was marked by increased provisions for the motor liability segment amounting to €114 million related to the unfavourable judicial/regulatory environment for insurers, which affected the market. This increased provision pertains primarily to underwriting fiscal years 2014 and earlier. The operating expense ratio was up +1.9 points to 23.4%.
>
> Underwriting income in **life and health insurance** amounted to €5 million as at 31 December 2015 (+€3 million compared with 2014). This favourable change is the result of the decrease in the loss experience (-8.2 points to 71.6%) in connection with the significant improvement of the current loss experience in health.

The **net income** of Turkish subsidiaries (excluding Günes) represented a loss of €99 million in 2015 compared with a profit of €11 million in 2014.

Greece

The premium income of **Groupama Phoenix**, which operated in a very difficult market as at 31 December 2015, decreased by -5.4% compared with the previous period to €138 million.

> The **property and casualty insurance** business was down -4.1% at €85 million. The passenger vehicle segment decreased -7.0% in a very competitive environment, leading to the granting of premium reductions targeted on the part of the portfolio that the subsidiary wishes to retain. However, the growth of the business protection segment (+10.0%) mitigated this change.
>
> **Life and health insurance** premium income declined (-7.3%) to €54 million, in connection with the downturn in the individual savings/pension segments (-26.5% under the effect of capital controls imposed on the banking system) and group retirement (-17.6% due to the termination of a major contract at the end of 2014, to reduce the level of guaranteed rates). However, growth in health insurance (individual and group: +10.5%) mitigated this change.

Groupama Phoenix's economic operating income represented a profit of +€8 million in 2015 versus +€10 million in 2014.

> In **property and casualty insurance**, the combined ratio amounted to 82.4%, up 3.6 points compared with the previous fiscal year. The loss rate decreased by -3.9 points thanks to the improvement of the current loss experience particularly favourable for fire insurance and the increase in liquidation surpluses for the motor liability segment. The operating expense ratio declined slightly by -0.3 points to 44.6% despite the impact of the contraction of activity thanks to a policy of tight management of the subsidiary's general expenses.
>
> **Life and health insurance** underwriting income declined by nearly €3 million under the effect of the decrease in underwriting margin on unit-linked products in particular and slightly increased costs.

The **net income** of the Greek subsidiary amounted to €14 million compared with a profit of €9 million as at 31 December 2014.

Hungary

Premium income for the subsidiary **Groupama Biztosito** in Hungary amounted to €304 million as at 31 December 2015, down -2.8% compared with 31 December 2014.

> **Property and casualty insurance** premiums written were up +5.9% at €140 million as at 31 December 2015. The development of the portfolio and the increase in the average premium explain the growth of the passenger vehicle segment (+19.9%). The fleets segment increased +38.9%. This growth results from a rigorous, prudent underwriting policy. The home insurance portfolio increased slightly by +0.6%. However, these good performance levels are diminished by the downturn in the agricultural business lines segment (-10.7%).
>
> In **life and health insurance**, premium income amounted to €164 million, a decrease of -9.1%, under the effect of the decrease in premiums in individual savings/pensions (-11.0%). The subsidiary's Life/Savings premium income accounted for 85.7% of unit-linked policies.

Groupama Biztosito's **economic operating income** stood at €10 million in 2015 compared with €13 million in 2014.

> The combined ratio of **property and casualty insurance** increased by +2.2 points to 104.6% as at 31 December 2015. The loss experience worsened by +5 points to 51.5% in 2015 due to a deterioration of the current loss experience particularly because of the increase in frequencies in passenger vehicle damages and agricultural damages marked by an increase in weather claims in 2015 after a particularly favourable 2014. Nevertheless, these deteriorations conceal a significant improvement in the loss experience on the vehicle fleet and home insurance segments. The operating expense ratio (including commissions and taxes on insurance policies) improved -1.4 points compared with the end of 2014.
>
> **Life and health insurance** underwriting income improved by €2.5 million over the period thanks to the good performance of life insurance with a more favourable product mix.

The Hungarian subsidiary's **net income** amounted to €15 million as at 31 December 2015, stable compared with 2014.

Romania

Premium income of the Romania subsidiary **Groupama Asigurari** rose by +13.2% to €181 million as at 31 December 2015.

> The **property and casualty insurance** activity (€167 million) increased +13.2%. The passenger vehicle segment (nearly 70% of premiums in property and liability insurance) increased +12.5%, breaking down into -0.9% on the damages segment and +52.0% in liability. This activity benefited from rate adjustments and a market behaviour more oriented towards the search for profitability. The increase in the subsidiary's premium income was calibrated on strong rate increases combined with reasonable development.
>
> **Life and health insurance** premium income (€14 million) increased +12.7% over the period, mainly under the effect of the development of the health segment, in connection with the portfolio's growth.

Groupama Asigurari's **economic operating income** stood at €6 million in 2015 compared with €2 million in 2014.

> In **property and casualty insurance**, the combined ratio improved by 2.2 points to 98.9% as at 31 December 2015. The loss rate deteriorated by 2.2 points to 61.9% due to the occurrence of a significant industrial claim (2.8 ratio points) but in large part reinsured and the increase in the average cost of motor claims partially offset by the favourable effect of rate increases in motor liability. The operating expense ratio improved by 2.4 points to 35.6% thanks to continued efforts to cut fixed costs.
>
> **Life and health insurance** underwriting income remained close to balance at €1.0 million.

The Romanian subsidiary's **net income** amounted to €5 million in 2015 compared with €3 million as at 31 December 2014. This positive contribution to net income, up for the second consecutive year, reflects this subsidiary's recovery policy in place for several years.

Bulgaria

In **Bulgaria**, premium income of the subsidiaries Groupama Zastrahovane and Groupama Jivotozastrahovane increased by +49.7% to €11 million as at 31 December 2015. Life and health insurance increased +18.2% to €5 million thanks in particular to the development of both individual and group protection insurance. Property and casualty insurance (€6 million) increased +89.8% over the period under the effect of the growth of passenger vehicle segments (in connection with the success of various commercial campaigns) and professional risks (+78.8% due to the development of new business).

The contribution of Bulgarian subsidiaries was -€0.6 million versus -€0.2 million as at 31 December 2014.

Portugal

Premium income of the **subsidiaries in Portugal** was up +4.9% at €61 million as at 31 December 2015. In life and health insurance, premiums written increased +2.7% to €52 million. The good performance of the group health segment (+23.3% due to the development of new business) mitigated the decline in the individual savings/pension segment (-19.7%) under the effect of the non-renewal of exceptional premiums recognised in the 1st half of 2014. Premium income from property and casualty insurance (€9 million as at 31 December 2015) was up +19.8%, under the effect of growth in the passenger vehicle segment (+33.0%), which benefited from a large volume of new business thanks to the improvement and simplification of underwriting tools.

Net income of the Portuguese subsidiaries amounted to €2.8 million compared with €0.5 million in 2014 following the realisation of capital gains on real estate sales.

Gan Outre-Mer

Following the transfer of the Antilles portfolio to the regional mutual, the result now consists solely of the Pacific region.

Premium income for **Gan Outre-Mer** decreased -0.8% to €64 million as at 31 December 2015 (data compared with the Pacific region in 2014). The property and casualty insurance business remained stable over the period, amounting to €57 million. Life and health insurance premium income (individual health) decreased -7.8% over the period to €7 million.

Gan Outre-Mer's **economic operating income** totalled €10 million in 2015 compared with €7 million in 2014. Net underwriting income in property and casualty insurance increased by nearly €3 million with a combined net ratio at 71.6%, a significant improvement over 2014. This favourable change resulted from the change in the current loss experience, particularly in motor and business protection, an increase in changes over prior fiscal years.

Gan Outre-Mer's **net income** totalled €15 million in 2015, compared with €8 million in 2014.

Great Britain

Groupama UK (which exclusively handles insurance brokerage businesses) contributed €9 million to income as at 31 December 2015 compared with €4 million in 2014 thanks in particular to the improvement of the income of its brokerage subsidiary Carole Nash.

Tunisia

The equity-method income of the **Tunisian subsidiary** STAR (number 1 insurance company on the Tunisian market) amounted to €9 million versus €3 million as at 31 December 2014.

China

The contribution of the Chinese equity-method subsidiary, Groupama Avic, was +€2 million in 2015 compared with a loss of -€12 million as at 31 December 2014. As a reminder, 2014 was marked by a major drought in the north-east of the country, which weighed on the underwriting income of the agricultural segment. Reinsurance protections were strongly adjusted in 2015, permitting better coverage against this type of risk.

3.4 FINANCIAL AND BANKING BUSINESSES

Premium income in millions of euros	31/12/14	31/12/2015
Groupama Banque	154	154
Asset management	120	121
Employee savings scheme	5	5
Total	**279**	**280**

NBI in millions of euros	31/12/14	31/12/2015
Groupama Banque	65	75
Asset management	119	118
Employee savings scheme	11	10
Total	**194**	**203**

In millions of euros	31/12/14	31/12/2015	2015-2014 change	
Net banking income, net of cost of risk and long-term financial instruments	211	200	-10	-4.8%
Cost of risk	-6	-8	-2	-40.9%
Other operating income and expenses and non-underwriting current income and expenses	-181	-177	4	2.5%
Other items	-7	-6	1	15.4%
Economic operating income	**16**	**9**	**-7**	**-43.8%**
Gains or losses on financial assets recognised at fair value net of corporate income tax	-11	2	13	>100%
Other operations net of corporate income tax	-2		2	NA
GROUP NET INCOME	**4**	**11**	**7**	**>100%**

Groupama Banque

At 31 December 2015, **Groupama Banque**'s premium income remained stable at €154 million. IFRS net banking income increased +16.0% to €75 million. Before changes in fair value of forward financial instruments and the cost of risk, it decreased 11.2% to €72 million as at 31 December 2015. This change is explained in particular by the decline in NBI in commercial banking (related to the decline in the intermediation margin in an environment of low rates) and the NBI of treasury (affected by the volatility of rates on the markets).

The **economic operating income** was a loss of -€16 million in 2015 compared with -€9 million in 2014.

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

Operating expenses were down 3.7% in 2015 mainly because of the reduction of IT and logistics expenses.

Groupama Banque's **net income** was a loss of -€14 million in 2015 compared with -€21 million in 2014. As a reminder, the 2014 income incorporated an expense of €16 million (before tax) related to the fair-value valuation of hedging instruments resulting from the decline in interest rates compared with €3 million in income in 2015.

Asset management

Groupama Asset Management's premium income increased +0.5% to €121 million at 31 December 2015, particularly under the effect of the increase in management fees net of retrocessions. The entity's NBI decreased 0.4% to €118 million.

Groupama Asset Management's **economic operating income** amounted to €23 million in 2015, stable compared with 2014.

Groupama Epargne Salariale

Groupama Épargne Salariale's premium income totalled €4.9 million as at 31 December 2015, compared with €5.4 million over the previous period. Net banking income totalled €10.3 million.

The **net income** was €0.3 million in 2015.

Groupama Immobilier

The economic operating income of Groupama Immobilier, the group's real estate asset management subsidiary, totalled +€1.5 million in 2015, stable compared with in 2014.

3.5 GROUPAMA SA AND HOLDINGS

In millions of euros	31/12/14	31/12/2015	2015-2014 change	
Other operating income and expenses and non-underwriting current income and expenses	-107	-109	-2	-1.8%
** Groupama SA operating expenses*	*-99*	*-102*	*-4*	-3.9%
** Other expenses*	*-8*	*-6*	*2*	22.6%
Recurring financial income (after corporate tax)	26	-10	-36	<-100%
Other items	4	2	-2	-43.1%
** Recurring income tax*	*86*	*63*	*-23*	-26.7%
** Financing expenses*	*-82*	*-61*	*21*	25.7%
Economic operating income	**-77**	**-117**	**-40**	**-51.9%**
Capital gains realised net of corporate income tax		71	71	
Gains or losses on financial assets recognised at fair value net of corporate income tax	-53	19	72	>100%
Other operations net of corporate income tax	-3	-24	-21	<-100%
GROUP NET INCOME	**-133**	**-51**	**82**	**61.7%**

Groupama SA is the parent company of the group. It acts as a holding company by holding (directly or indirectly) all of the group's French and international subsidiaries. In this function, Groupama SA directs the operating activities of the consolidated group. It is the focal point for internal and external financing. The method of distribution of Groupama SA's net income between the operational activity and the holding company activity changed in 2015. The financial result is now broken down on a standardised basis for the underwriting activity. 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 holding **economic operating income** totalled -€117 million in 2015, a decrease of €40 million compared with 2014 because of the €36 million decrease in recurring financial income.

The **net income** of holding companies was a loss of -€51 million in 2015 compared with -€133 million in 2014. It should be noted that, starting in 2015, non-recurring financial income is allocated to the holding activity, which explains the favourable change in the non-recurring financial result (+€143 million over the period, including +€71 million in capital gains primarily due to the sale of Mediobanca securities).

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

Net income in millions of euros	31/12/14	31/12/2015
Total Insurance - France	308	410
Total Insurance - International	71	4
Banking and financial businesses	4	11
Holding activities	-132	-50
Other	6	-7
Total net income - GROUPAMA	**257**	**368**

3.6 COMBINED BALANCE SHEET

As at 31 December 2015, Groupama's combined balance sheet totalled €107.3 billion, compared with €106.4 billion in 2014, an increase of +0.8%.

GOODWILL

Goodwill amounted to €2.2 billion as at 31 December 2015, stable compared with 31 December 2014.

OTHER INTANGIBLE ASSETS

Other intangible assets totalling €314 million as at 31 December 2015 (versus €343 million in 2014) are composed primarily of amortisable portfolio securities (€126 million) and computer software. The decrease in this item is particularly related to amortisation for the period.

Investments (including unit-linked investments)

Insurance investments totalled €83.9 billion in 2015 compared with €83.4 billion in 2014, up +0.5%.

The group's unrealised capital gains (including property) decreased -€0.5 billion to +€10.1 billion (compared with +€10.6 billion at the previous close), mainly because of the decrease in unrealised capital gains on bonds in connection with the increase in rates.

By asset allocation, unrealised capital gains are broken down into +€7.3 billion on bonds, +€0.7 billion on equities and +2.1 billion on property.

Unrealised capital gains on financial assets (excluding property) totalled €8.0 billion, with +€1.5 billion attributable to the group (after profit sharing and taxes) versus +€1.6 billion as at 31 December 2014. 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 €0.7 billion as at 31 December 2015 (compared with +€0.6 billion over the previous period). The group elected to account for investment and operating property according to the amortised cost method; therefore, unrealised property gains were not recorded in the accounts.

The equity share of total investments in market value was 6.7% (including 1.7% hedged) as at 31 December 2015 versus 7.5% (including 2.2% hedged) as at 31 December 2014 according to an economic view. This decrease is part of the derisking policy conducted by the group.

Shareholders' equity

At 31 December 2015, Groupama's combined shareholders' equity amounted to €8.2 billion compared with €8.1 billion as at 31 December 2014.

This change can be summarised as follows:

(In millions of euros)

Shareholders' equity at 2015 opening	**8,062**
Change in revaluation reserve: fair value of AFS assets	-585
Change in revaluation reserve: shadow accounting	466
Change in revaluation reserve: deferred tax	-18
Partial redemption of the deeply subordinated instrument	-13
Mutual insurance certificates	3
Foreign exchange adjustment	-19
Other	-45
Profit (Loss)	**368**
Shareholders' equity at 31 December 2015	**8,219**
of which perpetual super-subordinated bonds (TSS)	*415*
of which perpetual floating-rate notes (TSDI)	*1100*

2015 was marked by the launch of issues of mutual insurance certificates, which contributed €3 million to equity in 2015. Deployment across all the regional mutuals will continue in 2016.

Subordinated liabilities, financing and other debts

Total subordinated and external debt was €0.8 billion as at 31 December 2015, stable compared with the previous period.

As at 31 December 2015, subordinated debt amounted to €750 million versus €791 million as at 31 December 2014. This decrease came mainly from the redemption of the balance of the 2005 perpetual floating-rate note (TSDI) for €41 million.

The group's external debt (excluding subordinated debt) totalled €17 million at 31 December 2015, versus €49 million at the end of 2014, under the effect of the repayment of a lease debt for €30 million.

Underwriting reserves

Gross underwriting reserves (including deferred profit sharing) totalled €77.9 billion, compared with €77.7 billion as at 31 December 2014.

Reserves for contingencies and charges

Reserves for contingencies and charges totalled €624 million in 2015, compared with €631 million in 2014, and were primarily made up of pension commitments under IAS 19.

4. SOLVENCY/DEBT

The Groupama group's adjusted solvency resulted in a coverage ratio of the solvency margin requirement as at 31 December 2015 of 255% compared with 253% as at 31 December 2014.

Groupama's debt-to-equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 10.2 % in 2015, compared with 11.6 % in 2014.

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 2015. The opportunities to hedge this risk will continue to be monitored in 2016.

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 and 2014 mainly through the disposal of listed participating securities (Eiffage, Société Générale, and Compagnie de Saint Gobain), 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 2014. This last strategy used derivatives housed in mutual funds or in structured equity products for hedging, the maturity of which was extended in 2014.

In 2015, the Group's equity risk continued to be actively managed mainly through:

- the divestment of listed equity securities of Véolia for €491 million and Mediobanca for €333 million,
- the opportunistic divestment of equity mutual funds and protected equities for more than €180 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

Performance was solid in 2015, which confirmed all the actions put in place around profitable growth:

- An improved net loss ratio on the major countries in which the group is present, allowing a combined ratio of 99.2% to be reached,
- The continued development of the Savings activity towards unit-linked policies whose premium income exceeds 30% in individual savings and represents 20.7% of Groupama Gan Vie's assets under management,
- An asset structure consistent with the target with a 5% share of non-hedged equities, a cash segment reduced to 3.9%, and an increase in the bond share and its diversification,
- Control of general expenses contained to a level in absolute value equivalent to 2014,
- The launch of the collection of mutual insurance certificates, offering members the opportunity to support the development of their mutual insurance group.

This performance was achieved in an environment of low interest rates that continues to weigh on the results to the tune of €127 million net of taxes in 2015 after an impact of €158 million net of taxes in 2014.

As part of its strategic guidelines, the group places its customers at the centre of its commitment while pursuing stronger underwriting and operational profitability. This objective will be particularly sought through a process of innovation in terms of the offer of products, tools, and processes, favoured especially by the deployment of new technologies. These technologies will serve an integrated cross-channel organisation for ongoing access by customers.

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

COMBINED FINANCIAL STATEMENTS

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GROUPAMA
31 December 2015
IFRS

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FINANCIAL STATEMENTS

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

ASSETS		31.12.2015	31.12.2014
Goodwill	Note 2	2,172	2,192
Other intangible assets	Note 3	314	343
Intangible assets		**2,487**	**2,534**
Investment property excluding unit-linked items	Note 4	1,216	1,307
Unit-linked investment property	Note 7	105	106
Operating property	Note 5	982	1,060
Financial investments excluding unit-linked items	Note 6	74,462	74,842
Unit-linked financial investments	Note 7	6,972	5,983
Derivative instruments and separate embedded derivatives	Note 8	140	122
Insurance business investments		**83,876**	**83,421**
Funds used in banking sector activities and investments of other activities	Note 9	**4,262**	**3,639**
Investments in related companies and joint ventures	Note 10	**994**	**1,038**
Share of outward reinsurers and retrocessionnaires in liabilities relating to insurance policies and financial contracts	Note 11	**8,090**	**8,216**
Other property, plant and equipment	Note 12	220	231
Deferred acquisition costs	Note 13	273	288
Deferred profit-sharing assets	Note 14		
Deferred tax assets	Note 15	276	268
Receivables arising from insurance and inward reinsurance operations	Note 16	2,427	2,487
Receivables arising from outward reinsurance operations	Note 17	261	212
Current tax receivables and other tax receivables	Note 18	282	265
Other receivables	Note 19	2,397	2,376
Other assets		**6,136**	**6,126**
Assets held for sale and discontinued business activities			
Cash and cash equivalents	Note 20	**1,451**	**1,465**
TOTAL		**107,295**	**106,439**

The notes on pages 40 to 189 are an integral part of the combined financial statements.

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

EQUITY & LIABILITIES		31.12.2015	31.12.2014
Capital		35	32
Revaluation reserves		1,493	1,630
Other reserves		6,748	6,549
Foreign exchange adjustments		(425)	(406)
Combined profit (loss)		368	257
Shareholders' equity (Group share)		**8,219**	**8,062**
Non-controlling interests		13	17
Total shareholders' equity	Note 21	**8,232**	**8,079**
Reserves for contingencies and charges	Note 22	**642**	**631**
Financing debt	Note 24	**767**	**840**
Technical liabilities relating to insurance policies	Note 25	**56,919**	**55,394**
Technical liabilities relating to financial contracts	Note 26	**16,046**	**17,392**
Deferred profit-sharing liabilities	Note 14	**4,980**	**4,892**
Resources from banking sector activities	Note 9	**3,906**	**3,304**
Deferred tax liabilities	Note 15	439	456
Debts to unit holders of consolidated mutual funds	Note 28	184	173
Operating debts to banking sector companies	Note 20	172	99
Debts arising from insurance or inward reinsurance operations	Note 29	908	850
Debts arising from outward reinsurance operations	Note 30	7,314	7,386
Current taxes payable and other tax liabilities	Note 31	199	242
Derivative instrument liabilities	Note 8	799	812
Other debts	Note 32	5,791	5,888
Other liabilities		**15,805**	**15,907**
Liabilities of business activities to be sold or discontinued			
TOTAL		**107,295**	**106,439**

The notes on pages 40 to 189 are an integral part of the combined financial statements.

GROUPAMA
COMBINED INCOME STATEMENT (in millions of euros)

INCOME STATEMENT		31.12.2015	31.12.2014
Written premiums	Note 33	13,465	13,356
Change in unearned premiums		(2)	(41)
Earned premiums		**13,463**	**13,314**
Net banking income, net of cost of risk		**195**	**188**
Investment income		2,500	2,488
Investment expenses		(824)	(714)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs		663	613
Change in fair value of financial instruments recorded at fair value through profit or loss		348	148
Change in impairment on investments		(6)	(12)
Investment income net of expenses	Note 34	**2,681**	**2,523**
Total income from ordinary business activities		**16,339**	**16,025**
Insurance policy servicing expenses	Note 35	(12,040)	(11,889)
Income from outward reinsurance	Note 36	580	536
Expenses on outward reinsurance	Note 36	(906)	(875)
Net outward reinsurance income and expenses		**(12,366)**	**(12,228)**
Banking operating expenses		(179)	(184)
Policy acquisition costs	Note 38	(1,826)	(1,791)
Administration costs	Note 39	(501)	(485)
Other current operating income and expenses	Note 40	(828)	(830)
Total other current income and expenses		**(15,700)**	**(15,518)**
CURRENT OPERATING INCOME		**639**	**507**
Other current operating income and expenses	Note 41	(88)	(64)
OPERATING INCOME		**551**	**443**
Financing expenses	Note 42	(64)	(84)
Share in income of related companies	Note 10	(42)	(2)
Corporate income tax	Note 43	(77)	(98)
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES		**368**	**258**
Net income from discontinued business activities			
OVERALL NET INCOME		**368**	**258**
of which non-controlling interests			1
OF WHICH NET INCOME (GROUP SHARE)		**368**	**257**

The notes on pages 40 to 189 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	31.12.2015			31.12.2014		
	Group share	Non-controlling interests	Total	Group share	Non-controlling interests	Total
Profit (loss) for fiscal year	**368**		**368**	**257**	**1**	**258**
Gains and losses recognised directly in shareholders' equity						
Items recyclable to income						
Change in foreign exchange adjustments	(19)		(19)	7		7
Change in gross unrealised capital gains and losses on available-for-sale assets	(585)	(2)	(587)	5,688	16	5,704
Revaluation of hedging derivatives						
Change in shadow accounting	466	2	468	(4,689)	(13)	(4,702)
Change in deferred taxes	(18)		(18)	(297)	(1)	(298)
Other changes	10	(1)	9	(8)		(8)
Items not recyclable to income						
Restatement of net actuarial debt from pension commitments (defined-benefit schemes)	20		20	(37)		(37)
Change in deferred taxes	(6)		(6)	13		13
Other changes						
Total gains (losses) recognised directly in shareholders' equity	**(132)**	**(1)**	**(133)**	**677**	**2**	**679**
Net income and gains (losses) recognised in shareholders' equity	**236**	**(1)**	**235**	**934**	**3**	**937**

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 189 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	Profit (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 31.12.2013	**32**	**283**	**999**	**4,825**	**928**	**(413)**	**6,654**	**15**	**6,669**
Allocation of 2013 profit (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)
Profit (loss) 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**
Allocation of 2014 profit (loss)		(257)		257					
Dividends (1)				(63)			(63)	(1)	(64)
Change in capital	3						3		3
Business combinations				(6)			(6)	(2)	(8)
Other			(13)				(13)		(13)
Impact of transactions with members	**3**	**(257)**	**(13)**	**188**			**(79)**	**(3)**	**(82)**
Foreign exchange adjustments						(19)	(19)		(19)
Available-for-sale assets					(585)		(585)	(2)	(587)
Shadow accounting					466		466	2	468
Deferred taxes				(6)	(18)		(24)		(24)
Actuarial gains (losses) of post-employment benefits				20			20		20
Other				10			10	(1)	9
Profit (loss) for fiscal year		368					368		368
Total income (expenses) recognised over the period		**368**		**24**	**(137)**	**(19)**	**236**	**(1)**	**235**
Total changes over the period	**3**	**111**	**(13)**	**212**	**(137)**	**(19)**	**157**	**(4)**	**153**
Shareholders' equity as at 31.12.2015	**35**	**368**	**1,515**	**5,233**	**1,493**	**(425)**	**8,219**	**13**	**8,232**

(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 189 are an integral part of the combined financial statements.

GROUPAMA
CASH FLOW STATEMENT (in millions of euros)

CASH FLOW STATEMENT	31.12.2015	31.12.2014
Operating income before taxes	551	443
Capital gains (losses) on the sale of investments	114	(545)
Net allocations to amortisation and depreciation	221	250
Change in deferred acquisition costs	11	7
Change in impairment	(753)	(77)
Net reserves for technical liabilities related to insurance policies and financial contracts	910	659
Net allocations to other reserves	24	(2)
Change in fair value of financial instruments and investments recognised at fair value through income (excluding cash and cash equivalents)	(348)	(148)
Other non-cash items included in operating income	65	27
Correction of elements included in the operating income other than cash flows and reclassification of investment and financing flows	**244**	**171**
Change in operating receivables and payables	(108)	108
Change in banking operating receivables and payables	(66)	(88)
Change in repo and reverse-repo securities	4	2,335
Cash flows from other assets and liabilities	(16)	(142)
Net tax paid	(164)	(145)
Net cash flows from operating activities	**445**	**2,682**
Acquisitions/divestments of subsidiaries and joint ventures, net of cash acquired		(1)
Stakes in related companies acquired/divested	16	18
Cash flows due to changes in scope of consolidation	**16**	**17**
Net acquisitions of financial investments (including unit-linked investments) and derivatives	(303)	(1,521)
Net acquisitions of investment property	113	1
Net acquisitions and/or issues of investments and derivatives relating to other activities		
Other non-cash items	(6)	1
Cash flows from acquisitions and issues of investments	**(196)**	**(1,519)**
Net acquisitions of property, plant and equipment, intangible fixed assets and operating property	(165)	(150)
Cash flows from acquisitions and disposals of property, plant and equipment and intangible fixed assets	**(165)**	**(150)**
Net cash flows from investment activities	**(345)**	**(1,652)**
Membership fees		
Issue of capital instruments	3	1,100
Redemption of capital instruments	(13)	(571)
Transactions involving own shares		
Dividends paid [(1)]	(64)	(57)
Cash flows from transactions with shareholders and members	**(74)**	**472**
Cash allocated to financial debt	(73)	(1,101)
Interest paid on financial debt	(64)	(84)
Cash flows from group financing	**(137)**	**(1,185)**
Net cash flows from financing activities	**(211)**	**(713)**

Cash and cash equivalents at 1 January	**1,567**	**1,239**
Net cash flows from operating activities	445	2,682
Net cash flows from investment activities	(345)	(1,652)
Net cash flows from financing activities	(211)	(713)
Cash flows from sold or discontinued assets and liabilities		
Effect of foreign exchange changes on cash	(17)	11
Cash and cash equivalents at 31 December	**1,439**	**1,567**

1) They correspond to payment for subordinated securities classified in equity under IFRS.

Note that the decrease in “Change in repo and reverse-repo securities” is offset in “Net acquisitions of financial investments”.

CASH FLOW STATEMENT	31.12.2015
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 1 January	**1,567**
Cash and cash equivalents	1,451
Cash, central bank, postal bank and accounts receivable from banking businesses	160
Operating debts to banking sector companies	(172)
Cash and cash equivalents at 31 December	**1,439**

The notes on pages 40 to 189 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 2015

Changes in the strategic securities held by Groupama

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

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

On 3 March 2015, the group also sold all of its stake in the capital of Veolia Environnement, representing around 5.05% of the company's capital, for €491 million.

Financial rating

On 29 May 2015, the rating agency Fitch changed its rating for Groupama SA and its subsidiaries from BBB to BBB+ with a stable outlook. The agency believes, particularly because of the presence of a structured network in France and diversified risks, that the conditions for long-term profitability are present and strengthen the solvency of the group.

Governance

On 18 June 2015, the Board of Directors of Groupama SA renewed the terms of Jean-Yves Dagès as Chairman of Groupama SA and Thierry Martel as Managing Director of Groupama SA.

In connection with his reappointment, Thierry Martel announced the appointment of two deputy managing directors: Christian Cochennec, in charge of the casualty in France and IT business activities, and Fabrice Heyriès, in charge of the human resources, finance, legal, audit, and risk business activities.

Redemption of the perpetual subordinated bonds issued in 2005

On 3 June 2015, Groupama announced the early redemption of its perpetual subordinated bonds issued in 2005 at the first redemption date, i.e., 6 July 2015, in accordance with article 5 of the Terms and Conditions of the bonds.

On 6 July 2015, the redemption was carried out for €43 million, corresponding to the nominal value, plus accrued interest.

Issue of mutual insurance certificates

Groupama is the first mutual insurer to launch the mutual insurance certificates authorised by Social and Solidarity Economy law of July 2014. The regional mutuals have the necessary financial resources to invest in the territories and develop a long-term quality relationship with their members based on trust. In December 2015, Groupama Rhône-Alpes Auvergne issued the first mutual insurance certificates to its members and customers for €3 million (inflows at the end of December 2010, with the campaign continuing over 2016).

Plan to simplify the structure of their holdings in Icade by Caisse des Dépôts and Groupama

On 21 December 2015, Caisse des Dépôts and Groupama indicated that they were considering, in continuing their partnership, a simplification of the structure of their holdings in Icade as reference shareholders of this company. This simplification would take the form of a merger/takeover of Holdco CIIS by ICADE. At the end of this operation, Caisse des Depots and Groupama would become direct shareholders of Icade, with Caisse des Dépôts holding approximately 39% of Icade's capital and Groupama holding approximately 13%. This operation, subject to certain conditions precedent, will be proposed to Icade's board of directors and presented for a vote by Icade's shareholders called to approve the accounts for the fiscal year ended 31 December 2015.

Peer-to-peer economy and innovation

On 21 January 2015, Groupama Banque established a partnership with the crowdfunding platform Unilend to fund French very small companies and SMEs. Groupama Banque will contribute €100 million to the funding of corporate projects through Unilend over the next four years.

On 29 January 2015, Amaguiz and Coyote signed a partnership allowing to Amaguiz policyholders, equipped with a Coyote S, to use video in case of an auto accident.

In February 2015, Gan Assurances signed an exclusive partnership with Lendopolis, the crowdfunding platform dedicated to very small companies and SMEs. Gan Assurances, alongside Lendopolis, will support business development projects of its choice and offer an “insurance” diagnosis taking into account a number of indicators (taking out civil liability insurance or not, etc.) and will thus enable investors to make a more informed choice in the level of risk of their investment.

On 24 February 2015, Groupama partnered with Airinov, a leader in agricultural drones, to support the development of drones, in the protection of risk and the deployment of new services to farmers. Groupama now gives all farmers the opportunity to insure their air drones, covering all damage that they may cause or suffer. In addition to insuring air drones for agricultural use, Groupama itself will use information provided by drones in carrying out its business as insurer with farmers. The expertise will thus be made more reliable to the benefit of the satisfaction of farmers insured with Groupama.

On 5 October, DIAC, the Renault group’s financing and services subsidiary, and Amaguiz teamed up to offer motor insurance to buyers of a new or used car purchased within the Renault and Dacia networks. DIAC and Amaguiz created a specific offering for customers of the Renault and Dacia brands: a simple, complete, and competitive offering. Since 8 October 2015, the Renault and Dacia brands have offered this new motor insurance solution through DIAC.

On 6 October 2015, Groupama teamed up with WeFarmUp.com, the world’s first farm equipment sharing platform. With this partnership, Groupama wishes to provide its expertise as an insurer to both owners and lessee to lease their equipment with confidence.

On 20 October 2015, Groupama and Facebook France teamed up to promote Groupama Team France, led by Franck Cammas, Michel Desjoyeaux, and Olivier de Kersauson, for the next America's Cup in 2017. This partnership will provide an innovative way to track the French team not only in its athletic project but also its collective, technological, and economic project by 2017 and will help create strong national mobilisation around this event.

POST-BALANCE SHEET EVENTS

Joint Arrangements

On 4 January 2016, Groupama and Orange announced their beginning of exclusive negotiations to enter into a partnership to develop a new banking model that will allow Groupama to strengthen its online banking activity and Orange to complete its diversification into banking services. At the end of these negotiations, Orange could own 65% of Groupama Banque.

Groupama SA’s capital increase

At the end of February 2016, all of the Regional Mutuals simultaneously participated in a capital increase of Groupama Holding for €674.45 million and Groupama Holding 2 for €25.40 million.

Groupama Holding and Groupama Holding 2 fully subscribed to Groupama SA’s capital increase for €700 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 2015 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 the Fédération Nationale Groupama;
- to reinsure the regional mutuals;
- to direct all subsidiaries;
- to establish the reinsurance programme for the entire Group;
- to manage direct insurance business;
- to prepare the consolidated and combined financial statements.

The consolidated financial statements of Groupama SA incorporate the reinsurance ceded by the regional mutuals as well as the activity of the subsidiaries.

The combined financial statements relate to the Groupama group 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 ("agreement defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricole that are members of Fédération Nationale Groupama").

2.2. GENERAL PRESENTATION OF THE COMBINED FINANCIAL STATEMENTS

The combined financial statements as at 31 December 2015 were approved by the Board of Directors, which met on 16 March 2016.

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 2015 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 2015 have been applied for the preparation of the Group's financial statements as at 31 December 2015, particularly IFRIC interpretation 21 "Taxes" concerning the date used for recognition of the liability related to the payment of taxes. The application of this interpretation as at 1 January 2015 has a €14 million net tax impact on the opening balance sheet of the combined financial statements and has no significant impact on the presentation of the income statement.

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

- amendments to IAS 19 entitled: Defined-benefit plans: staff member contributions;
- amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation;
- amendments to IFRS 11: Acquisition of a share in a joint venture;
- amendments to IAS 16 and IAS 41: Bearer plants.

The group is not considering the early application of IFRS 9 on financial instruments published in July 2014 by the IASB with a date of application on 1 January 2018, but not yet adopted by the European Union. Work to identify problems in implementing this standard is in progress.

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

Subsidiaries, joint ventures, and related companies of the 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. These amounts are rounded. Rounding differences may exist.

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 IFRS primarily concern:

- initial valuation and impairment tests performed on intangible assets, particularly goodwill (Notes 3.1.1 and 3.1.2),
- evaluation of underwriting 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 financial statements (predominance of substance over form, elimination of local tax accounting entries).

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

2.3.4. Conversion of financial statements of foreign companies

Balance sheet items are translated to euros (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;
- allocations to 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 when they are incurred.

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

The subsequent acquisition of non-controlling interests does not result in the creation of additional goodwill.

Operations for the acquisition and disposal of non-controlling 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 control of an entity is taken over, a sale option may be granted to holders of non-controlling 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 non-controlling interests and/or shareholders' equity for put options contracted subsequent to this date.

3.1.2 Other intangible assets

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

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

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

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

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

Start-up costs are expensed rather than capitalised.

3.2 INSURANCE BUSINESS INVESTMENTS

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

3.2.1. Financial assets

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 on 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 2015, 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 disposal are recorded on the income statement on the date of realisation and represent the difference between the sale price and the net book value of the asset.

3.2.2. Investment property

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

- **Initial recognition**

Lands and property appear on the balance sheet at their acquisition cost. The value of the property includes significant transaction costs directly attributable to the transaction, except in the specific case of investment property representing unit-linked commitments that may be posted, by discretion, to income at fair value.

When a real estate asset includes a portion held to produce rental income and another part used for production or administrative purposes, the asset is treated as investment property only if the latter is immaterial.

At the time of the initial recognition, property is subdivided by components and recorded separately.

The impairment periods applied by the Group for each component depend on the nature of the property under consideration and are as follows:

- building shell (impairment period between 30 and 120 years),
- wind and water tight facilities (impairment period between 30 and 35 years),
- heavy equipment (impairment period between 20 and 25 years),
- secondary equipment, fixtures and fittings (impairment period between 10 and 15 years),
- maintenance (impairment period: 5 years).

- **Valuation**

The cost of the property is the amount at which the property has been recorded at the time of initial recognition, minus cumulative amortisation and corrected for any reserves for impairment. The acquisition cost of the property is dependent either on an outright acquisition, or on the acquisition of a company that owns the property. In the latter case, the cost of the property is equal to its fair value on the date of acquisition of the owner company.

Each component is identified by its duration and depreciation rate.

The residual value of the shell component cannot be valued with sufficient reliability, particularly given the uncertainties about the holding horizon; thus this component is amortised on the basis of the acquisition cost.

Rent payments are recorded using the straight-line method over the term of the lease agreement.

The realisable value of investment 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 on 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 on 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 on 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 on 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 and joint ventures

Investments in associates and joint ventures 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, non-controlling 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 deeply subordinated bonds (TSS) or perpetual subordinated bonds (TSDI) 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 benefits**

- **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 non-controlling interests are recorded in financial 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 represent the gross premiums, before reinsurance and tax, net of cancellations, reductions, rebates, of the change in premiums still to be written and of the change in premiums to be cancelled.

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 underwriting 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 underwriting 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 underwriting reserves**

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

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

- **Deferred acquisition costs**

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

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

➢ **Premiums**

Written premiums represent the gross premiums, before reinsurance and tax, net of cancellations, reductions, rebates, of the change in premiums still to be written and of the change in premiums to be cancelled.

➢ **Insurance policy servicing expenses**

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

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

They also include the profit sharing and the change in life insurance reserves and other underwriting 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 underwriting 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 financial statements, the payment of which depends on a management decision or the occurrence of an event.

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

❖ Application of shadow accounting

For participatory contracts, the Group has decided to apply shadow accounting, which is intended to pass on to the value of insurance liabilities, deferred acquisition costs and the intangible assets related to insurance policies, the effects of taking into account the unrealised gains and losses on financial assets valued at fair value. 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 on 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 underwriting reserves

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

➢ Deferred acquisition costs

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

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

Every year the expected present value of future margins by homogeneous product family is compared with the total of the deferred acquisition costs net of amortisation already recognised in the past. If this value is lower, an 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 underwriting 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 financial statements as restatements and eliminations of inter-company income or losses, differences will appear in the future between the tax income and the accounting income of the Company, or between the tax value and the book value of an asset or liability, for example when transactions performed during a fiscal year are taxable only in the following fiscal year. These differences are classified as timing differences.

All deferred tax liabilities must be recognised; however, deferred tax assets are only recognised if it is likely that taxable income (against which these deductible timing differences can be charged) will be available.

All deferred tax liabilities are recognised. Deferred tax assets are recognised when their recovery is considered as “more probable than improbable”, i.e., if it is likely that sufficient taxable income will be available in the future to offset the deductible timing differences. In general, a 3-

year horizon is considered to be a reasonable period to assess whether the entity can recover the capitalised deferred tax. However, an impairment charge is booked against the deferred tax assets if their recoverability appears doubtful.

Deferred tax assets and liabilities are computed on the basis of tax rates (and tax regulations), which have been adopted as at the balance sheet date.

Deferred tax assets and liabilities are not discounted to present value.

3.14 Segment reporting

A business segment is a component of an entity whose operating 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	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Intangible assets	875	1,612	2,487	888	1,647	2,535
Insurance business investments	76,738	7,138	83,876	76,694	6,727	83,421
Funds used in banking sector activities and investments of other activities	4,262		4,262	3,639		3,639
Investments in related companies and joint ventures	805	189	994	860	178	1,038
Share of outward reinsurers and retrocessionnaires in liabilities relating to insurance policies and financial contracts	7,917	173	8,090	8,007	209	8,216
Other assets	5,294	842	6,136	5,201	925	6,126
Assets held for sale and discontinued business activities						
Cash and cash equivalents	1,274	176	1,451	1,004	461	1,465
Consolidated total assets	**97,165**	**10,130**	**107,295**	**96,292**	**10,147**	**106,439**
Reserves for contingencies and charges	558	84	642	541	91	631
Financing debt	767		767	840		840
Technical liabilities relating to insurance policies	51,773	5,146	56,919	50,255	5,140	55,394
Technical liabilities relating to financial contracts	14,312	1,734	16,046	15,822	1,570	17,392
Deferred profit-sharing liabilities	4,806	175	4,980	4,722	170	4,892
Resources from banking sector activities	3,906		3,906	3,304		3,304
Other liabilities	15,487	317	15,805	15,527	380	15,907
Liabilities of business activities to be sold or discontinued						
Total consolidated liabilities excluding shareholders' equity	**91,608**	**7,456**	**99,064**	**91,010**	**7,350**	**98,361**

NOTE 1.1.2 – SEGMENT REPORTING BY OPERATING SEGMENT – INCOME STATEMENT

In millions of euros	31.12.2015			31.12.2014		
	France	Inter-national	Total	France	Inter-national	Total
Earned premiums	10,786	2,677	13,463	10,686	2,628	13,314
Net banking income, net of cost of risk	195		195	188		188
Investment income	2,240	261	2,500	2,230	258	2,488
Investment expenses	(772)	(53)	(824)	(673)	(41)	(714)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	621	42	663	549	64	613
Change in fair value of financial instruments recorded at fair value through profit or loss	339	9	348	109	40	148
Change in impairment on investments	(6)		(6)	(6)	(7)	(12)
Total income from ordinary business activities	**13,404**	**2,936**	**16,339**	**13,084**	**2,941**	**16,025**
Insurance policy servicing expenses	(9,894)	(2,146)	(12,040)	(9,763)	(2,125)	(11,889)
Income from outward reinsurance	528	52	580	486	49	536
Expenses on outward reinsurance	(743)	(163)	(906)	(751)	(124)	(875)
Banking operating expenses	(179)		(179)	(184)		(184)
Policy acquisition costs	(1,405)	(421)	(1,826)	(1,380)	(411)	(1,791)
Administration costs	(337)	(164)	(501)	(324)	(161)	(485)
Other current operating income and expenses	(775)	(53)	(828)	(777)	(53)	(830)
CURRENT OPERATING INCOME	**597**	**41**	**639**	**390**	**117**	**507**
Other operating income and expenses	(64)	(24)	(88)	(41)	(23)	(64)
OPERATING INCOME	**533**	**18**	**551**	**350**	**93**	**443**
Financing expenses	(64)		(64)	(84)		(84)
Share in income of related companies	(41)	(1)	(42)	3	(6)	(2)
Corporate income tax	(37)	(40)	(77)	(75)	(23)	(98)
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES	**391**	**(23)**	**368**	**194**	**65**	**258**
Net income from discontinued business activities						
OVERALL NET INCOME	**391**	**(23)**	**368**	**194**	**65**	**258**
of which non-controlling interests	1	(1)		1		1
OF WHICH NET INCOME (GROUP SHARE)	**390**	**(22)**	**368**	**193**	**64**	**257**

NOTE 1.2 – SEGMENT REPORTING BY BUSINESS

NOTE 1.2.1 – SEGMENT REPORTING BY BUSINESS – BALANCE SHEET

In millions of euros	31.12.2015				31.12.2014			
	Insurance	Banking	Inter-segment eliminations	Total	Insurance	Banking	Inter-segment eliminations	Total
Goodwill	2,152	20		2,172	2,171	20		2,191
Other intangible assets	309	5		314	337	6		343
Insurance business investments	86,516	6	(2,646)	83,876	86,052	9	(2,640)	83,421
Funds used in banking sector activities and investments of other activities		4,303	(40)	4,262		3,676	(37)	3,639
Investments in related companies and joint ventures	994			994	1,038			1,038
Share of outward reinsurers and retrocessionnaires in liabilities relating to insurance policies and financial contracts	12,054		(3,965)	8,090	12,146		(3,930)	8,216
Other assets	6,796	211	(871)	6,136	6,654	217	(745)	6,126
Assets held for sale and discontinued business activities								
Cash and cash equivalents	1,451	5	(5)	1,451	1,465	4	(4)	1,465
Consolidated total assets	**110,272**	**4,550**	**(7,527)**	**107,295**	**109,862**	**3,932**	**(7,355)**	**106,439**
Reserves for contingencies and charges	621	21		642	611	20		631
Financing debt	2,652	27	(1,912)	767	2,723	27	(1,910)	840
Technical liabilities relating to insurance policies	60,893		(3,974)	56,919	59,327		(3,933)	55,394
Technical liabilities relating to financial contracts	16,046			16,046	17,392			17,392
Deferred profit-sharing liabilities	4,980			4,980	4,892			4,892
Resources from banking sector activities		3,939	(34)	3,906		3,330	(26)	3,304
Other liabilities	17,230	182	(1,607)	15,805	17,208	185	(1,486)	15,907
Liabilities of business activities to be sold or discontinued								
Total consolidated liabilities excluding shareholders' equity	**102,422**	**4,169**	**(7,527)**	**99,064**	**102,153**	**3,562**	**(7,355)**	**98,360**

NOTE 1.2.2 – SEGMENT REPORTING BY BUSINESS – INCOME STATEMENT

In millions of euros	31.12.2015									
	France					International				Total
	P&C	L&H	Banking	Holding	Total	P&C	L&H	Holding	Total	
Earned premiums	**5,429**	**5,358**			**10,786**	**1,703**	**973**		**2,677**	**13,463**
Net banking income, net of cost of risk			**195**		**195**					**195**
Investment income	255	1,994		(9)	2,240	120	138	3	261	2,500
Investment expenses	(83)	(679)		(11)	(772)	(36)	(15)	(2)	(53)	(824)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	96	447		77	621	31	11		42	663
Change in fair value of financial instruments recorded at fair value through profit or loss	12	298		29	339	(2)	11		9	348
Change in impairment on investments	(3)	(2)			(6)					(6)
Total income from ordinary business activities	**5,706**	**7,417**	**195**	**86**	**13,404**	**1,815**	**1,119**	**1**	**2,936**	**16,339**
Insurance policy servicing expenses	(3,698)	(6,196)			(9,894)	(1,242)	(903)		(2,146)	(12,040)
Income from outward reinsurance	145	383			528	47	5		52	580
Expenses on outward reinsurance	(336)	(407)			(743)	(156)	(7)		(163)	(906)
Banking operating expenses			(179)		(179)					(179)
Policy acquisition costs	(880)	(525)			(1,405)	(319)	(102)		(421)	(1,826)
Administration costs	(229)	(108)			(337)	(108)	(56)		(164)	(501)
Other current operating income and expenses	(309)	(362)	2	(106)	(775)	(43)	(7)	(3)	(53)	(828)
CURRENT OPERATING INCOME	**398**	**201**	**18**	**(20)**	**597**	**(6)**	**49**	**(1)**	**41**	**639**
Other operating income and expenses	(35)	(7)		(22)	(64)	(18)	(4)	(2)	(24)	(88)
OPERATING INCOME	**363**	**194**	**18**	**(42)**	**533**	**(25)**	**46**	**(3)**	**18**	**551**
Financing expenses	(1)	(1)		(61)	(64)					(64)
Share in income of related companies	(4)	(37)			(41)	(2)			(1)	(42)
Corporate income tax	(140)	54	(7)	55	(37)	(28)	(11)	(1)	(40)	(77)
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES	**218**	**210**	**11**	**(48)**	**391**	**(55)**	**35**	**(4)**	**(23)**	**368**
Net income from discontinued business activities										
TOTAL NET INCOME	**218**	**210**	**11**	**(48)**	**391**	**(55)**	**35**	**(4)**	**(23)**	**368**
of which non-controlling interests		1			1	(1)			(1)	
OF WHICH NET INCOME (GROUP SHARE)	**218**	**209**	**11**	**(48)**	**390**	**(54)**	**35**	**(4)**	**(22)**	**368**

In millions of euros	31.12.2014									
	France					International				Total
	P&C	L&H	Banking	Holding	Total	P&C	L&H	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 disposal 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 profit or loss	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 from 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)
Administration 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										
OVERALL 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**

NOTE 2 – GOODWILL

In millions of euros	31.12.2015				31.12.2014
	Gross value	Impairment	Foreign exchange adjustment	Net value	Net value
Opening value	**3,049**	**(581)**	**(276)**	**2,192**	**2,188**
Newly consolidated entities					
Eliminations from the scope of consolidation					
France	(2)			(2)	2
Central and Eastern European countries			(5)	(5)	(12)
Turkey			(21)	(21)	8
United Kingdom			7	7	6
Other changes during the fiscal year	**(2)**		**(19)**	**(22)**	**4**
Closing value	**3,047**	**(580)**	**(295)**	**2,172**	**2,192**

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 negative 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 (10 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 2014 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 13.4% from 2015 to 2017, converging in the medium term towards 9%.

With regard to Romania, the yield curve used is declining, with an average rate of 15% for the first three years, then converging in the medium term towards 9%. The application of an additional risk premium in relation to other countries of the region of countries of Central and Eastern Europe has been abandoned due to the improvement of Romania's macroeconomic context and the financial situation of the subsidiary.

For Turkey, the yield curve averages 15.5% over the first four years, converging towards 12% in the medium term. In recent years, the legal and regulatory context governing the motor liability segment in Turkey has been very unfavourable for insurance companies, which have needed to adjust their underwriting reserves significantly, causing major losses in the profession. This situation thus weighed very adversely on the combined financial statements as at 31 December 2015 of the Turkish subsidiary, which, at the same time, has undertaken a strategy of gradually reducing its exposure through rate increases. The subsidiary's business plan therefore incorporates a return to a healthier situation by 2019.

With regard to Greece, the use of a discount rate of 14% was abandoned in favour of a chronicle of rates converging towards the eurozone's rate (8%). The average rate adopted over the first three years remains conservative at 16%. The business plan was extended from 6 to 10 years to take account of the macroeconomic environment, which offers little short-term visibility but should normalise over the medium term as the situation in eurozone is maintained.

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 2015.

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 €49 million (while a lowering by 100 basis points would result in an additional excess hedging of €100 million).
On this same CGU, the sensitivity test on the long-term growth rate would result in a decrease in excess hedging of €28 million if it fell by 50 basis points (the excess would be €34 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 -€16 million (while a lowering of the discount rate by 100 basis points would result in a surplus of €30 million). The sensitivity test on a decrease in the long-term growth rate of 50 basis points would result in a hedging insufficiency of -€3 million (the surplus would be €9 million with a favourable change of 50 basis points).

With regard to the goodwill of the CGU of the Turkish subsidiaries, an increase of 100 basis points in the discount rate would lead to a surplus of €32 million (and a decrease of 100 basis points in the discount rate would result in a surplus of €49 million). The sensitivity test on a decrease in the long-term growth rate of 50 basis points would result in a hedging surplus of €30 million (the surplus would be €49 million with a favourable change of 50 basis points).

With regard to the goodwill of the brokerage CGU in the UK, an increase of 100 basis points in the discount rate would lead to a surplus of €10 million (and a decrease of 100 basis points in the discount rate would result in a surplus of €44 million). The sensitivity test on a decrease in the long-term growth rate of 50 basis points would result in a hedging surplus of €19 million (the surplus would be €30 million with a favourable change of 50 basis points).

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	31.12.2015			
	Gross value	Impairment	Foreign exchange adjustment	Net value
Central and Eastern European countries	1,031	(502)	(182)	346
Italy	781			781
Turkey	262		(94)	169
United Kingdom	138	(30)	(19)	89
Greece	131	(48)		83
Total International	**2,343**	**(580)**	**(295)**	**1,468**
Groupama Gan Vie	470			470
Gan Assurances	196			196
Financial businesses, property businesses, and other insurance companies	39			39
Total France and Overseas	**704**			**704**
Closing value	**3,047**	**(580)**	**(295)**	**2,172**

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 businesses, and other insurance companies	41			41
Total France and Overseas	**707**			**707**
Closing value	**3,049**	**(581)**	**(277)**	**2,192**

It should be recalled that in fiscal years 2009 to 2012, the Group devalued goodwill by €580 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	31.12.2015			31.12.2014		
	Intangible assets related to insurance business	Other intangible assets	Total	Intangible assets related to insurance business	Other intangible assets	Total
Opening gross value	**533**	**1,671**	**2,203**	**532**	**1,602**	**2,133**
Increase		128	128		82	82
Decrease		(87)	(87)	(1)	(11)	(12)
Foreign exchange adjustments	(9)	(1)	(10)	2	(3)	(1)
Change in scope of consolidation						
Closing gross value	**524**	**1,710**	**2,235**	**533**	**1,671**	**2,203**
Opening cumulative amortisation & depreciation	**(251)**	**(1,466)**	**(1,717)**	**(233)**	**(1,356)**	**(1,589)**
Increase	(16)	(93)	(109)	(17)	(113)	(130)
Decrease		40	40		2	2
Foreign exchange adjustments	7	1	8	(1)	1	0
Change in scope of consolidation						
Reclassifications		(4)	(4)			
Closing cumulative amortisation & depreciation	**(261)**	**(1,522)**	**(1,783)**	**(251)**	**(1,466)**	**(1,717)**
Opening cumulative long-term impairment	**(138)**	**(4)**	**(142)**	**(136)**	**(3)**	**(139)**
Long-term impairment recognised	(1)		(1)	(1)	(1)	(2)
Long-term impairment write-backs	1		1			
Foreign exchange adjustments	2		2	(1)		(1)
Change in scope of consolidation						
Reclassifications		4	4			
Closing cumulative long-term impairment	**(136)**	**(1)**	**(137)**	**(138)**	**(4)**	**(142)**
Opening net value	**144**	**201**	**344**	**163**	**242**	**404**
Closing net value	**127**	**188**	**314**	**144**	**201**	**344**

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. Only the portfolio value in Italy is subject to amortisation.

Other intangible assets

Other intangible assets consist primarily of software acquired and developed internally. In 2015, the abandonment of the CIBAMA applications by Groupama Loire Bretagne, following the migration to SIGMA for €38 million.

NOTE 3.1 – OTHER INTANGIBLE ASSETS – BY OPERATING SEGMENT

In millions of euros	31.12.2015						31.12.2014	
	Intangible assets related to insurance business		Other intangible assets		Total		Total	
	France	International	France	International	France	International	France	International
Closing gross value	**26**	**498**	**1,530**	**180**	**1,556**	**678**	**1,531**	**673**
Closing cumulative amortisation & depreciation		(261)	(1,376)	(146)	(1,377)	(407)	(1,336)	(382)
Closing cumulative long-term impairment	(9)	(127)		(1)	(9)	(128)	(14)	(129)
Amortisation and reserves	**(9)**	**(388)**	**(1,376)**	**(147)**	**(1,386)**	**(535)**	**(1,350)**	**(511)**
Net book value	**17**	**110**	**154**	**33**	**170**	**144**	**181**	**162**

NOTE 4 – Investment property, excluding unit-linked investments

In millions of euros	31.12.2015			31.12.2014		
	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	**1,422**	**245**	**1,667**	**1,430**	**232**	**1,662**
Acquisitions	42	5	48	4	19	23
Change in scope of consolidation						
Subsequent expenditure						
Assets capitalised in the year	65		65	39		39
Transfer from/to unit-linked property						
Transfer from/to operating property	7		7	(2)		(2)
Foreign exchange adjustments						
Outward reinsurance	(244)	(43)	(287)	(49)	(6)	(55)
Other		(3)	(3)			
Closing gross value	**1,292**	**205**	**1,497**	**1,422**	**245**	**1,667**
Opening cumulative amortisation & depreciation	**(343)**		**(343)**	**(335)**		**(335)**
Increase	(23)		(23)	(26)		(26)
Change in scope of consolidation						
Transfer from/to unit-linked property						
Transfer from/to operating property	(1)		(1)			
Decrease	102		102	18		18
Other						
Closing cumulative amortisation & depreciation	**(265)**		**(265)**	**(343)**		**(343)**
Opening cumulative long-term impairment	**(12)**	**(5)**	**(18)**	**(12)**	**(5)**	**(18)**
Long-term impairment recognised		(2)	(2)			
Change in scope of consolidation						
Transfer from/to operating property						
Long-term impairment write-backs	2		2			
Closing cumulative long-term impairment	**(10)**	**(7)**	**(18)**	**(12)**	**(5)**	**(18)**
Opening net value	**1,067**	**240**	**1,307**	**1,083**	**227**	**1,310**
Closing net value	**1,017**	**198**	**1,216**	**1,067**	**240**	**1,307**
Closing fair value of investment properties	**2,655**	**355**	**3,010**	**2,586**	**405**	**2,991**
Unrealised capital gains	**1,638**	**157**	**1,795**	**1,519**	**165**	**1,684**

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 €675 million as at 31 December 2015 (net of profit sharing and tax), compared with €645 million as at 31 December 2014.

During the fiscal year, entities exercised purchase options on leased property early. At 31 December 2015, the table no longer includes leased property (versus a net book value of €36 million at 31 December 2014).

Disposals of properties for the fiscal year particularly include disposals as part of the restructuring of the Elysées La Défense property as well as disposals of vacant lots of the group's residential assets.

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 €2,510 million, and Level 3 for an amount of €500 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	31.12.2015						31.12.2014					
	Property			SCI units			Property			SCI units		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross value	1,257	36	1,292	205		205	1,371	51	1,422	246		246
Cumulative amortisation & depreciation	(256)	(9)	(265)				(326)	(16)	(343)			
Long-term impairment	(2)	(8)	(10)	(7)		(7)	(4)	(8)	(12)	(6)		(6)
Closing net value	**999**	**18**	**1,017**	**199**		**199**	**1,040**	**27**	**1,067**	**240**		**240**
Closing fair value of investment properties	**2,618**	**37**	**2,655**	**355**		**355**	**2,536**	**50**	**2,586**	**405**		**405**
Unrealised capital gains	**1,620**	**18**	**1,638**	**157**		**157**	**1,496**	**24**	**1,519**	**165**		**165**

NOTE 4.2 – INVESTMENT PROPERTY BY BUSINESS

NOTE 4.2.1 – INVESTMENT PROPERTY BY BUSINESS – FRANCE

In millions of euros	31.12.2015					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty	Total
Gross value	894	363	1,257	78	127	205
Cumulative amortisation & depreciation	(168)	(88)	(256)			
Long-term impairment	(1)	(1)	(2)	(2)	(5)	(7)
Closing net value	**725**	**274**	**999**	**76**	**123**	**199**
Closing fair value of investment properties	**1,971**	**647**	**2,618**	**139**	**216**	**355**
Unrealised capital gains	**1,246**	**374**	**1,620**	**64**	**93**	**157**

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 & depreciation	(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 properties	**1,895**	**641**	**2,536**	**173**	**232**	**405**
Unrealised capital gains	**1,143**	**353**	**1,496**	**66**	**99**	**165**

NOTE 4.2.2 – INVESTMENT PROPERTY BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2015					
	Property			SCI units		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	22	13	36			
Cumulative amortisation & depreciation	(7)	(2)	(9)			
Long-term impairment	(5)	(3)	(8)			
Closing net value	**11**	**8**	**18**			
Closing fair value of investment properties	**20**	**17**	**37**			
Unrealised capital gains	**9**	**9**	**18**			

In millions of euros	31.12.2014					
	Property			SCI units		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	29	22	51			
Cumulative amortisation & depreciation	(10)	(6)	(16)			
Long-term impairment	(5)	(3)	(8)			
Closing net value	**14**	**13**	**27**			
Closing fair value of investment properties	**26**	**24**	**50**			
Unrealised capital gains	**12**	**11**	**24**			

NOTE 5 – OPERATING PROPERTY

In millions of euros	31.12.2015			31.12.2014		
	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	**1,357**	**72**	**1,429**	**1,356**	**79**	**1,435**
Acquisitions	17	1	18	15	2	17
Change in scope of consolidation						
Assets capitalised in the year	9		9	6		6
Transfer from/to investment properties	(7)		(7)	2		2
Foreign exchange adjustments	(1)		(1)	(1)		(1)
Outward reinsurance	(69)	(3)	(72)	(21)	(9)	(30)
Other	(3)	3	0			
Closing gross value	**1,303**	**73**	**1,376**	**1,357**	**72**	**1,429**
Opening cumulative amortisation & depreciation	**(353)**		**(353)**	**(329)**		**(329)**
Increase	(37)		(37)	(38)		(38)
Change in scope of consolidation						
Transfer from/to investment properties	1		1			
Decrease	23		23	14		14
Other	1		1			
Closing cumulative amortisation & depreciation	**(365)**		**(365)**	**(353)**		**(353)**
Opening cumulative long-term impairment	**(16)**		**(16)**	**(4)**	**(2)**	**(6)**
Long-term impairment recognised	(28)		(28)	(14)		(14)
Change in scope of consolidation						
Transfer from/to investment properties						
Long-term impairment write-backs	14		14	2	2	4
Closing cumulative long-term impairment	**(29)**		**(29)**	**(16)**	**0**	**(16)**
Opening net value	**988**	**72**	**1,060**	**1,023**	**77**	**1,100**
Closing net value	**909**	**73**	**982**	**988**	**72**	**1,060**
Closing fair value of operating property	**1,224**	**121**	**1,345**	**1,308**	**118**	**1,426**
Unrealised capital gains	**315**	**48**	**363**	**320**	**46**	**366**

Disposals for the fiscal year particularly pertain to a real estate complex in the Paris suburbs with a net book value of €37 million, which led to the write-back of a reserve for €14 million.

At 31 December 2015, three operating properties were the subject of allocations to reserves for impairment for a total of €28 million.

NOTE 5.1 – OPERATING PROPERTY – BY OPERATING SEGMENT

In millions of euros	31.12.2015						31.12.2014					
	Property			SCI units			Property			SCI units		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross value	1,193	110	1,303	73		73	1,238	119	1,357	72		72
Cumulative amortisation & depreciation	(355)	(10)	(365)				(343)	(10)	(353)			
Long-term impairment	(29)		(29)				(16)		(16)			
Closing net value	**810**	**99**	**909**	**73**		**73**	**880**	**108**	**988**	**72**		**72**
Closing fair value of operating property	**1,132**	**93**	**1,224**	**121**		**121**	**1,202**	**106**	**1,308**	**118**		**118**
Unrealised capital gains	**322**	**(6)**	**315**	**48**		**48**	**322**	**(2)**	**320**	**46**		**46**

NOTE 5.2 – OPERATING PROPERTY BY BUSINESS

NOTE 5.2.1 – OPERATING PROPERTY BY BUSINESS – FRANCE

In millions of euros	31.12.2015					
	Property			SCI units		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	656	537	1,193	19	54	73
Cumulative amortisation & depreciation	(148)	(207)	(355)			
Long-term impairment	(28)	(1)	(29)			
Closing net value	**481**	**329**	**810**	**19**	**53**	**73**
Closing fair value of operating property	**567**	**564**	**1,132**	**34**	**87**	**121**
Unrealised capital gains	**87**	**235**	**322**	**15**	**33**	**48**

In millions of euros	31.12.2014					
	Property			SCI units		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	666	572	1,238	19	53	72
Cumulative amortisation & depreciation	(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**

NOTE 5.2.2 – OPERATING PROPERTY BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2015					
	Property			SCI units		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	50	60	110			
Cumulative amortisation & depreciation	(4)	(6)	(10)			
Long-term impairment						
Closing net value	**45**	**54**	**99**			
Closing fair value of operating property	**44**	**49**	**93**			
Unrealised capital gains	**(2)**	**(5)**	**(6)**			

In millions of euros	31.12.2014					
	Property			SCI units		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	53	66	119			
Cumulative amortisation & depreciation	(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)**			

NOTE 6 – FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS

In millions of euros	31.12.2015	31.12.2014
	Net value	Net value
Assets valued at fair value	72,708	73,336
Assets valued at amortised cost	1,754	1,506
Total financial investments excluding unit-linked items	**74,462**	**74,842**

Total financial investments (excluding real estate, unit-linked items, and derivatives) as at 31 December 2015 were €74,462 million, marking a decrease of €380 million versus 31 December 2014.
The bond security repurchase agreement activity was €4,101 million versus €4,115 million at 31 December 2014. 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	31.12.2015								
	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	2,998	266	3,264	3,703	281	3,984	705	15	720
Bonds and other fixed-income investments	46,123	4,634	50,757	52,913	5,122	58,035	6,790	488	7,278
Other investments	41		41	41		41			
Total available-for-sale assets	**49,162**	**4,900**	**54,062**	**56,657**	**5,403**	**62,060**	**7,495**	**503**	**7,998**
Trading assets									
Equities and other variable-income investments classified as "trading"	25		25	25		25			
Equities and other variable-income investments classified as "held for trading"	634	194	828	634	194	828			
Bonds and other fixed-income investments classified as "trading"	87		87	87		87			
Bonds and other fixed-income investments classified as "held for trading"	2,483	31	2,514	2,483	31	2,514			
Cash mutual funds classified as "trading"	4,895	86	4,981	4,895	86	4,981			
Cash mutual funds classified as "held for trading"	2,148	65	2,213	2,148	65	2,213			
Other investments classified as "trading"									
Other investments classified as "held for trading"									
Total trading assets	**10,272**	**376**	**10,648**	**10,272**	**376**	**10,648**			
Total investments valued at fair value	**59,434**	**5,276**	**64,710**	**66,929**	**5,779**	**72,708**	**7,495**	**503**	**7,998**

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

As at 31 December 2015, capital gains that were unrealised but recognised for accounting purposes through equity (revaluation reserves) as available-for-sale investment assets and through income as trading assets were €7,998 million and €367 million, respectively, compared with €8,586 million and €318 million as at 31 December 2014.

In millions of euros	31.12.2014								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains (losses)		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	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.

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	31.12.2015											
	Net amortised cost				Fair value [a]				Gross unrealised capital gains (losses)			
	L&H	P&C	Holding	Total	L&H	P&C	Holding	Total	L&H	P&C	Holding	Total
Available-for-sale assets												
Equities and other variable-income investments	2,306	692		2,998	2,665	1,038		3,703	359	346		705
Bonds and other fixed-income investments	41,063	5,060		46,123	47,388	5,525		52,913	6,325	465		6,790
Other investments	10	31		41	10	31		41				
Total available-for-sale assets	**43,379**	**5,783**		**49,162**	**50,063**	**6,594**		**56,657**	**6,684**	**811**		**7,495**
Trading assets												
Equities and other variable-income investments classified as "trading"	6	19		25	6	19		25				
Equities and other variable-income investments classified as "held for trading"	476	158		634	476	158		634				
Bonds and other fixed-income investments classified as "trading"	87			87	87			87				
Bonds and other fixed-income investments classified as "held for trading"	1,909	574		2,483	1,909	574		2,483				
Cash mutual funds classified as "trading"	3,900	993	2	4,895	3,900	993	2	4,895				
Cash mutual funds classified as "held for trading"	2,055	93		2,148	2,055	93		2,148				
Other investments classified as "trading"												
Other investments classified as "held for trading"												
Total trading assets	**8,433**	**1,837**	**2**	**10,272**	**8,433**	**1,837**	**2**	**10,272**				
Total investments valued at fair value	**51,812**	**7,620**	**2**	**59,434**	**58,496**	**8,431**	**2**	**66,929**	**6,684**	**811**		**7,495**

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

In millions of euros	31.12.2014											
	Net amortised cost				Fair value (a)				Gross unrealised capital gains (losses)			
	L&H	P&C	Holding	Total	L&H	P&C	Holding	Total	L&H	P&C	Holding	Total
Available-for-sale assets												
Equities and other variable-income investments	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.

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

In millions of euros	31.12.2015								
	Net amortised cost			Fair value [(a)]			Gross unrealised capital gains (losses)		
	L&H	P&C	Total	L&H	P&C	Total	L&H	P&C	Total
Available-for-sale assets									
Equities and other variable-income investments	160	106	266	170	111	281	10	5	15
Bonds and other fixed-income investments	2,613	2,021	4,634	2,910	2,212	5,122	297	191	488
Other investments									
Total available-for-sale assets	**2,773**	**2,127**	**4,900**	**3,080**	**2,323**	**5,403**	**307**	**196**	**503**
Trading assets									
Equities and other variable-income investments classified as “trading”									
Equities and other variable-income investments classified as “held for trading”	106	88	194	106	88	194			
Bonds and other fixed-income investments classified as “trading”									
Bonds and other fixed-income investments classified as “held for trading”	17	14	31	17	14	31			
Cash mutual funds classified as “trading”	53	33	86	53	33	86			
Cash mutual funds classified as “held for trading”	36	29	65	36	29	65			
Other investments classified as “trading”									
Other investments classified as “held for trading”									
Total trading assets	**212**	**164**	**376**	**212**	**164**	**376**			
Total investments valued at fair value	**2,985**	**2,291**	**5,276**	**3,292**	**2,487**	**5,779**	**307**	**196**	**503**

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

In millions of euros	31.12.2014								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains (losses)		
	L&H	P&C	Total	L&H	P&C	Total	L&H	P&C	Total
Available-for-sale assets									
Equities and other variable-income investments	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.

NOTE 6.3 – INVESTMENTS VALUED AT FAIR VALUE BY TYPE

In millions of euros	31.12.2015								
	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	2,998	266	3,264	3,703	281	3,984	705	15	720
Assets classified as “trading”	25		25	25		25			
Assets classified as “held for trading”	634	194	828	634	194	828			
Total equities and other variable-income investments	**3,657**	**460**	**4,117**	**4,362**	**475**	**4,837**	**705**	**15**	**720**
Bonds and other fixed-income investments									
Available-for-sale assets	46,123	4,634	50,757	52,913	5,122	58,035	6,790	488	7,278
Assets classified as “trading”	87		87	87		87			
Assets classified as “held for trading”	2,483	31	2,514	2,483	31	2,514			
Total bonds and other fixed-income investments	**48,693**	**4,665**	**53,358**	**55,483**	**5,153**	**60,636**	**6,790**	**488**	**7,278**
Cash mutual funds									
Assets classified as “trading”	4,895	86	4,981	4,895	86	4,981			
Assets classified as “held for trading”	2,148	65	2,213	2,148	65	2,213			
Total cash mutual funds	**7,043**	**151**	**7,194**	**7,043**	**151**	**7,194**			
Other investments									
Available-for-sale assets	41		41	41		41			
Assets classified as “trading”									
Assets classified as “held for trading”									
Total other investments	**41**		**41**	**41**		**41**			
Total investments valued at fair value	**59,434**	**5,276**	**64,710**	**66,929**	**5,779**	**72,708**	**7,495**	**503**	**7,998**

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

In millions of euros	31.12.2014								
	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.

NOTE 6.4 – INVESTMENTS VALUED AT AMORTISED COST IN NET VALUE

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Loans	112	65	177	141	67	208
Deposits	1,180	277	1,457	1,154	28	1,182
Other	120		120	116		116
Total assets valued at amortised cost	**1,412**	**342**	**1,754**	**1,411**	**95**	**1,506**

NOTE 6.5 – RESERVES FOR IMPAIRMENT OF INVESTMENTS

In millions of euros	31.12.2015			31.12.2014		
	Gross	Reserves	Net	Gross	Reserves	Net
Available-for-sale assets						
Equities and other variable-income investments	3,716	(452)	3,264	4,744	(1,207)	3,537
Bonds and other fixed-income investments	50,770	(13)	50,757	49,828	(15)	49,813
Other investments	41		41	44		44
Total available-for-sale assets	**54,527**	**(465)**	**54,062**	**54,616**	**(1,222)**	**53,394**
Financial investments valued at amortised cost	1,758	(4)	1,754	1,509	(3)	1,506
Financial investments valued at amortised cost	**1,758**	**(4)**	**1,754**	**1,509**	**(3)**	**1,506**

Total impairment reserves for investments valued at fair value classified as available-for-sale assets were €465 million, compared with €1,222 million as at 31 December 2014. In total, the impairment reserves for available-for-sale financial assets represent 0.85% of their gross amortised cost.

The change in reserves is mainly due to a write-back of reserves on sold securities for €759 million, including €720 million for sales of strategic securities.

Regarding equities, the reserve for impairment includes an impairment of strategic securities of €264 million.

The amount of reserves for long-term impairment on investments valued at amortised cost is €4 million compared with €3 million at 31 December 2014.

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	31.12.2015					
	Euro	Dollar	Pound	Yen	Other	Total
Available-for-sale assets						
Equities and other variable-income investments	2,908	523	65	1	486	3,984
Bonds and other fixed-income investments	57,218	43	285		488	58,035
Other investments	41					41
Total available-for-sale assets	**60,168**	**567**	**350**	**1**	**974**	**62,060**
Trading assets						
Equities and other variable-income investments classified as “trading”	25					25
Equities and other variable-income investments classified as “held for trading”	828					828
Bonds and other fixed-income investments classified as “trading”	87					87
Bonds and other fixed-income investments classified as “held for trading”	2,508				6	2,514
Cash mutual funds classified as “trading”	4,945	33	3			4,981
Cash mutual funds classified as “held for trading”	2,213					2,213
Other investments classified as “trading”						
Other investments classified as “held for trading”						
Total trading assets	**10,606**	**33**	**3**		**6**	**10,648**
Loans and receivables						
Loans	176				1	177
Deposits	1,194	6			257	1,457
Other investments	113	6	1			120
Total loans and receivables	**1,483**	**11**	**1**		**258**	**1,754**
Total financial investments (net of derivatives and unit-linked items)	**72,257**	**611**	**354**	**1**	**1,238**	**74,462**

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

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**
Loans and receivables						
Loans	207				1	208
Deposits	1,155				27	1,182
Other investments	116					116
Total loans and receivables	**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 (forward currency sales or currency swaps).

Note 6.7 – Breakdown of listed investments

In millions of euros	31.12.2015	31.12.2014
Equities	1,899	2,093
Shares in fixed-income mutual funds	4,616	4,308
Shares in other mutual funds	2,649	2,783
Cash mutual funds	7,194	8,203
Bonds and other fixed-income securities	55,847	55,434
Total listed investments	**72,206**	**72,820**

The above table meets the disclosure requirements of IFRS 12 on non-consolidated mutual funds. As at 31 December 2015, the fair value of these assets totalled €14,459 million compared with €15,294 million as at 31 December 2014.

As at 31 December 2015, total long-term reserves for listed investments valued at fair value were €378 million, compared with €1,118 million as at 31 December 2014.

Note 6.8 – Breakdown of unlisted investments

In millions of euros	31.12.2015	31.12.2014
Equities at fair value	289	292
Bonds and other fixed-income securities at fair value	172	181
Other investments at fair value	41	44
Loans at amortised cost	177	208
Other investments at amortised cost	1,577	1,298
Total unlisted investments	**2,256**	**2,022**

As at 31 December 2015, total long-term reserves for unlisted investments valued at fair value were €88 million, compared with €104 million as at 31 December 2014.

NOTE 6.9 – SIGNIFICANT INVESTMENTS IN NON-CONSOLIDATED COMPANIES

In millions of euros	31.12.2015				31.12.2014			
	% interest	Acquisition cost net of reserves	Fair value	Revaluation reserve (before profit-sharing effect and tax) (1)	% interest	Acquisition cost net of reserves	Fair value	Revaluation reserve (before profit-sharing effect and tax) (1)
Veolia Environnement					5.20%	256	436	180
French companies						**256**	**436**	**180**
Mediobanca					4.91%	147	291	144
OTP Bank	8.17%	257	426	192	8.30%	261	279	42
Foreign companies		**257**	**426**	**192**		**408**	**570**	**186**
Total significant investments in non-consolidated companies		**257**	**426**	**192**		**664**	**1,006**	**366**

(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:

During 2015, the Group pursued its equity derisking policy with the complete disposal of its Mediobanca securities and the partial disposal of its Véolia Environnement securities. In accordance with IAS 39, these disposals gave rise to a write-back of reserves of €306 million for Mediobanca and €413 million for Véolia Environnement.

Note that considering their now marginally significant nature, the Véolia Environnement securities are no longer considered strategic securities in the financial statements at 31 December 2015. The fair value of these securities totalled nearly €12 million.

NOTE 6.10 – BREAKDOWN OF THE BOND PORTFOLIO

At the end of December 2015, bond instruments accounted for 81% of total financial investments excluding unit-linked items, 78% of which were classified as "available-for-sale assets" and 3% as "assets held for trading".

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

NOTE 6.10.1 – 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	31.12.2015			31.12.2014		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
Available-for-sale	53,967	1,303	55,270	53,574	1,311	54,885
Classified as "trading"						
Classified as "held for trading"	442	135	577	422	127	549
Total listed bonds	**54,410**	**1,438**	**55,847**	**53,996**	**1,438**	**55,434**
Unlisted bonds						
Available-for-sale	106	39	144	112	39	152
Classified as "trading"						
Classified as "held for trading"	5	23	28	6	23	29
Total unlisted bonds	**111**	**61**	**172**	**119**	**62**	**181**
Total bond portfolio	**54,521**	**1,499**	**56,020**	**54,115**	**1,500**	**55,615**

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	31.12.2015				31.12.2014			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Listed bonds								
Available-for-sale	2,490	12,197	40,583	55,270	2,110	11,288	41,487	54,885
Classified as "trading"								
Classified as "held for trading"	31	39	508	577	128	97	324	549
Total listed bonds	**2,521**	**12,236**	**41,091**	**55,847**	**2,237**	**11,386**	**41,811**	**55,434**
Unlisted bonds								
Available-for-sale	5	23	117	144	53	2	96	152
Classified as "trading"								
Classified as "held for trading"	1	14	13	28	17	1	10	29
Total unlisted bonds	**5**	**37**	**130**	**172**	**70**	**3**	**107**	**180**
Total bond portfolio	**2,526**	**12,273**	**41,221**	**56,020**	**2,308**	**11,389**	**41,918**	**55,615**

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 2015 by the three main agencies (S&P, Moody's and Fitch Ratings) for Group bonds.

In millions of euros	31.12.2015						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	2,866	23,960	7,598	18,802	714	1,330	55,270
Classified as "trading"							
Classified as "held for trading"	32	20	149	67	15	294	577
Total listed bonds	**2,898**	**23,980**	**7,747**	**18,869**	**729**	**1,624**	**55,847**
Unlisted bonds							
Available-for-sale		20	10	112		2	144
Classified as "trading"							
Classified as "held for trading"			17			11	28
Total unlisted bonds		**20**	**27**	**112**		**13**	**172**
Total bond portfolio	**2,898**	**24,000**	**7,774**	**18,981**	**729**	**1,638**	**56,020**

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**

NOTE 6.10.4 – BOND PORTFOLIO – BY TYPE OF BOND ISSUER

In millions of euros	31.12.2015	31.12.2014
Bonds issued by EU Member States	34,507	34,973
Bonds issued by States outside the EU	280	267
Bonds from public and semi-public sectors	3,887	3,789
Corporate bonds	17,259	16,514
Other bonds (including bond funds)	86	73
Total bond portfolio	**56,020**	**55,615**

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	31.12.2015					
	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	2,591		2,591	3,255	664	58
Greece						
Ireland	24		24	28	4	1
Italy	7,597		7,597	9,619	2,022	264
Portugal	258		258	298	40	3
Total	**10,470**		**10,470**	**13,200**	**2,730**	**326**

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**

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 €326 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 €247 million, mainly held by the Hungarian subsidiary.

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

In millions of euros	31.12.2015				
	< 3 years	3 to 7 years	7 to 10 years	> 10 years	Total
Spain	220	29	362	2,644	3,255
Greece					
Ireland	11	12	3	2	28
Italy	395	1,275	1,640	6,309	9,619
Portugal	4	16	131	147	298
Total	**630**	**1,332**	**2,136**	**9,102**	**13,200**

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	31.12.2015					
	Spain	Greece	Ireland	Italy	Portugal	Total
Opening sovereign debt securities	**3,261**		**24**	**8,907**	**284**	**12,477**
Change in unrealised capital gains or losses	(26)		(1)	354	6	333
Change in scope of consolidation						
Acquisitions	25			211	10	246
Divestments/Redemptions	(24)			(199)	(2)	(225)
Foreign exchange adjustments						
Closing sovereign debt securities	**3,236**		**23**	**9,273**	**298**	**12,830**

To date, the consolidated mutual funds hold €370 million in sovereign debt securities of peripheral eurozone countries, including in particular €19 million in Spanish sovereign debt and €346 million in Italian sovereign debt.

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

In millions of euros	31.12.2015					
	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	620		620	706	86	10
Greece						
Ireland	21		21	22	1	1
Italy	742		742	799	57	13
Portugal	21		21	22	1	0
Total	**1,404**		**1,404**	**1,549**	**145**	**24**

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**

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 €1,549 million as at 31 December 2015. These securities present an unrealised capital gain net of taxes and profit sharing of €24 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	31.12.2015				31.12.2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
Equities and other variable-income investments	3,533	94	357	3,984	3,977	99	291	4,367
Bonds and other fixed-income investments	56,785	682	568	58,035	56,708	603	259	57,570
Other investments	40		1	41	42		1	43
Total available-for-sale assets	**60,358**	**776**	**926**	**62,060**	**60,727**	**702**	**551**	**61,980**
Trading assets								
Equities and other variable-income investments classified as “trading” or “held for trading”	335	12	506	853	312		489	801
Bonds and other fixed-income investments classified as “trading” or “held for trading”	2,122	103	376	2,601	1,937	66	349	2,352
Cash mutual funds classified as “trading” or “held for trading”	7,170	24		7,194	8,176	26		8,202
Other investments								
Total trading assets	**9,627**	**139**	**882**	**10,648**	**10,425**	**92**	**838**	**11,355**
Sub-total of financial investments (excluding unit-linked items)	**69,985**	**915**	**1,808**	**72,708**	**71,152**	**794**	**1,389**	**73,335**
Investments in unit-linked policies	**4,868**	**405**	**1,803**	**7,076**	**4,381**	**112**	**1,596**	**6,089**
Derivative assets and liabilities		**(659)**		**(659)**		**(689)**		**(689)**
Total financial assets and liabilities valued at fair value	**74,853**	**661**	**3,611**	**79,125**	**75,533**	**217**	**2,985**	**78,735**

As these are investments in unit-linked policies, the risk is borne by policyholders.
Derivative instruments posted to assets totalled €140 million and derivative instruments posted to liabilities on the balance sheet totalled €799 million as at 31 December 2015. These instruments are mainly Level 2.

The Level 3 investments comprise:

- for equities, these largely involve shares of private equity funds and unlisted equities. The private equity fund units are valued based on the latest net asset values. 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 €65 million as at 31 December 2015, compared with €60 million as at 31 December 2014.

In millions of euros	31.12.2015								
	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	**291**	**259**	**1**	**489**	**349**			**1,596**	
Change in the unrealised capital gains or losses recognised in:									
- profit or loss				61	(1)			243	
- gains and losses recognised directly in shareholders' equity	30	37							
Transfer to level 3	(1)								
Transfer outside of level 3	(1)								
Reclassification to loans and receivables									
Change in scope of consolidation									
Acquisitions	110	279		115	100				
Divestments/Redemptions	(70)	(7)		(159)	(72)			(36)	
Foreign exchange adjustments	(2)								
Level 3 closing amount	**357**	**568**	**1**	**506**	**376**			**1,803**	

NOTE 7 – INVESTMENTS REPRESENTING COMMITMENTS IN UNIT-LINKED INVESTMENTS

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Variable-income securities and related securities		6	6		4	4
Bonds	2,003	612	2,615	1,478	638	2,116
Equity mutual fund units	3,927	84	4,011	3,551	71	3,622
Bond and other mutual fund units	142	124	266	99	74	174
Other investments		75	75		67	67
Subtotal of unit-linked financial investments	**6,072**	**900**	**6,972**	**5,129**	**854**	**5,983**
Unit-linked investment property	105		105	106		106
Subtotal of unit-linked investment property	**105**		**105**	**106**		**106**
Total	**6,176**	**900**	**7,076**	**5,235**	**854**	**6,089**

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	31.12.2015					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	111	(780)			111	(780)
Options	29	(3)			29	(3)
Foreign currency futures		(16)				(16)
Other						
Total	**140**	**(799)**			**140**	**(799)**

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)**

As at 31 December 2015, the following derivative instruments were available to the Group:

- swaps indexed to a variable rate for 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	31.12.2015			31.12.2014		
	Gross value	Reserves	Net value	Gross value	Reserves	Net value
Petty cash, central banks and postal accounts	49		49	18		18
Financial assets at fair value through income	380		380	134		134
Hedging derivatives	1		1	11		11
Available-for-sale financial assets	939		939	651		651
Loans and receivables from credit institutions	281		281	412		412
Loans and receivables on customers	2,049	(27)	2,022	1,703	(25)	1,678
Revaluation difference of interest rate hedged portfolios	2		2	3		3
Held-to-maturity financial assets	588		588	733		733
Investment property						
Total	**4,289**	**(27)**	**4,262**	**3,664**	**(25)**	**3,639**

Note 9.2 – Resources from banking sector activities

In millions of euros	31.12.2015	31.12.2014
Central banks, postal accounts		
Financial liabilities at fair value through income	20	20
Hedging derivatives	7	18
Debts to credit institutions	651	266
Debts to customers	3,142	2,866
Debts represented by securities	86	134
Revaluation difference of interest rate hedged portfolios		
Total	**3,906**	**3,304**

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

- During 2015, customer deposits continued to grow, which explains the increase in “Debts to customers”. This increase in resources, slower than the growth in “Loans and receivables on customers”, helped to reduce the imbalance between resources and uses with regard to customers.
- At the same time, the group resorted to the European Central Bank’s TLTRO loans (Targeted Longer Term Refinancing Operations) at favourable rates, explaining the increase in “Debts to credit institutions”. It also invested its cash into available-for-sale financial assets recognised at fair value through profit and loss.

NOTE 10 – INVESTMENTS IN RELATED COMPANIES AND JOINT VENTURES

In millions of euros	31.12.2015		31.12.2014	
	Equivalent value	Share of income	Equivalent value	Share of income
Bollington	1		1	
Günes Sigorta	22	(12)	27	2
CEGID	79	7	74	6
La Banque Postale IARD	84	(4)	78	(5)
STAR	94	9	85	3
GROUPAMA - AVIC Property Insurance Co.	71	2	64	(12)
HOLDCO	643	(44)	708	3
Total	**994**	**(42)**	**1,038**	**(2)**

NOTE 10.1 – SIGNIFICANT DATA PURSUANT TO IFRS 12

In millions of euros	2015				
	Premium income	Net income	Underwriting reserves	Total assets	Shareholders' equity
Bollington (1)	17	1		18	
Günes Sigorta (2)	474	(38)	247	428	101
CEGID (3)	282	22		402	218
La Banque Postale IARD (1)	260	(13)	287	478	46
STAR (2)	143	33	263	446	150
Groupama - AVIC Property Insurance Co. (1)	235	2	85	420	142
HOLDCO (real estate company) (4)	1,440	(177)		11,014	2,577

(1) Actual data (2) Estimated data (3) Actual data for premium income and estimated data for other items
(4) Actual data (for HOLDCO) except for total assets

In millions of euros	2014				
	Premium income	Net income	Underwriting reserves	Total assets	Shareholders' equity
Bollington (1)	18	1		36	(1)
Günes Sigorta (3)	417	2	226	440	115
CEGID (3)	267	19		371	201
La Banque Postale IARD (1)	207	(15)	204	347	34
STAR (2)	128	10	239	395	119
Groupama - AVIC Property Insurance Co. (1)	186	(17)	125	316	129
HOLDCO (real estate company) (4)	1,760	11		11,062	2,841

(1) Actual data (2) Estimated data (3) Actual data for premium income and estimated data for other items
(4) Actual data (for HOLDCO) except for total assets

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	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	11	24	34	11	31	42
Outstanding claims reserves	574	141	716	634	171	806
Other underwriting reserves	329	2	331	288		288
Total	**914**	**167**	**1,081**	**933**	**203**	**1,136**
Share of reinsurers in life insurance reserves						
Life insurance reserves	6,849	2	6,851	6,924	2	6,926
Outstanding claims reserves	137	4	141	131	4	135
Profit-sharing reserves	17		17	19		19
Other underwriting reserves						
Total	**7,003**	**6**	**7,008**	**7,074**	**6**	**7,080**
Share of reinsurers in financial contract reserves						
Total	**7,917**	**173**	**8,090**	**8,007**	**209**	**8,216**

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	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Share of reinsurers in opening reserves for claims	**634**	**171**	**806**	**865**	**224**	**1,089**
Portfolio transfers and changes in scope of consolidation						
Share of reinsurers in total claims expense	113	41	155	34	57	91
Share of reinsurers in total payments	(174)	(68)	(242)	(265)	(111)	(375)
Foreign exchange variation		(3)	(3)	1	1	2
Share of reinsurers in closing reserves for claims	**574**	**141**	**716**	**634**	**171**	**806**

NOTE 12 – OTHER PROPERTY, PLANT AND EQUIPMENT

NOTE 12.1 – CHANGE IN OTHER PROPERTY, PLANT AND EQUIPMENT

In millions of euros	31.12.2015			31.12.2014		
	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	**746**	**53**	**799**	**743**	**55**	**798**
Acquisitions	38	1	39	37	1	38
Change in scope of consolidation						
Assets capitalised in the year	3		3	4		4
Foreign exchange adjustments						
Outward reinsurance	(67)	(1)	(68)	(39)	(3)	(42)
Closing gross value	**720**	**53**	**773**	**746**	**53**	**799**
Opening cumulative amortisation & depreciation	**(563)**		**(563)**	**(539)**		**(539)**
Increase	(48)		(48)	(58)		(58)
Change in scope of consolidation				(1)		(1)
Foreign exchange adjustments						
Decrease	61		61	34		34
Closing cumulative amortisation & depreciation	**(550)**		**(550)**	**(563)**		**(563)**
Opening cumulative long-term impairment	**(6)**	**(1)**	**(6)**	**(7)**	**(1)**	**(7)**
Long-term impairment recognised						
Change in scope of consolidation						
Foreign exchange adjustments						
Long-term impairment write-backs	3		3	1		1
Closing cumulative long-term impairment	**(3)**	**0**	**(3)**	**(6)**	**(1)**	**(6)**
Opening net value	**178**	**52**	**230**	**197**	**54**	**251**
Closing net value	**167**	**53**	**220**	**178**	**52**	**230**
Closing fair value of other property, plant and equipment	**167**	**116**	**283**	**177**	**101**	**278**
Unrealised capital gains	**0**	**63**	**63**	**(1)**	**49**	**48**

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	31.12.2015						31.12.2014					
	Other property, plant and equipment			Other long-term operating assets			Other property, plant and equipment			Other long-term operating assets		
	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	607	112	719	53		53	637	109	746	53		53
Cumulative amortisation & depreciation	(458)	(91)	(549)				(474)	(89)	(563)			
Long-term impairment	(3)		(3)				(6)		(6)	(1)		(1)
Closing net value	**147**	**20**	**167**	**53**		**53**	**158**	**20**	**178**	**53**		**53**
Closing fair value of investment properties	**147**	**20**	**167**	**116**		**116**	**156**	**21**	**177**	**101**		**101**
Unrealised capital gains	**0**	**0**	**0**	**63**		**63**	**(2)**	**1**	**(1)**	**49**		**49**

NOTE 13 – DEFERRED ACQUISITION COSTS

In millions of euros	31.12.2015			31.12.2014		
	Gross	Deferred profit-sharing	Net	Gross	Deferred profit-sharing	Net
Non-life insurance policies	153		153	149		149
Life insurance policies and financial contracts with discretionary profit sharing	40	(2)	39	54	(1)	53
France	**193**	**(2)**	**192**	**203**	**(1)**	**202**
Non-life insurance policies	57		57	62		62
Life insurance policies and financial contracts with discretionary profit sharing	27	(2)	24	26	(3)	24
International	**84**	**(2)**	**81**	**88**	**(3)**	**85**
Total deferred acquisition costs	**277**	**(4)**	**273**	**291**	**(4)**	**288**

NOTE 14 – DEFERRED PROFIT SHARING

NOTE 14.1 – DEFERRED PROFIT-SHARING LIABILITIES

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Reserve for deferred profit sharing of insurance policies	4,806	36	4,842	4,722	15	4,737
Reserves for deferred profit-sharing of financial contracts		139	139		155	155
Total	**4,806**	**175**	**4,980**	**4,722**	**170**	**4,892**

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

The rates used in France as at 31 December 2015 fall within a bracket of between 76.62% and 89.23%, with 89.23% for Groupama Gan Vie.

NOTE 15 – DEFERRED TAXES

NOTE 15.1 – DEFERRED TAX ASSETS – BY OPERATING SEGMENT

In millions of euros	31.12.2015			31.12.2014
	France	International	Total	Total
Deferred tax assets	262	14	276	268
Total	**262**	**14**	**276**	**268**

NOTE 15.2 – DEFERRED TAX LIABILITIES – BY OPERATING SEGMENT

In millions of euros	31.12.2015			31.12.2014
	France	International	Total	Total
Deferred tax liabilities	409	30	439	456
Total	**409**	**30**	**439**	**456**

NOTE 15.3 – ANALYSIS OF THE MAJOR COMPONENTS OF DEFERRED TAXES

In millions of euros	31.12.2015	31.12.2014
Deferred taxes resulting from timing differences		
Restatements on AFS & Trading financial instruments (net of deferred profit sharing)	(614)	(650)
Life acquisition costs and overall management expenses reserve	(48)	(52)
Consolidation restatements on underwriting reserves	(207)	(194)
Other differences on consolidation restatements	147	131
Deferred non-life acquisition costs	(52)	(51)
Tax differences on underwriting reserves and other contingent liabilities	484	486
Tax-deferred capital gains	(3)	(4)
Valuation difference on mutual funds	139	127
Foreign exchange hedge	6	4
Other temporary tax differences	(20)	(15)
Subtotal of deferred taxes resulting from timing differences	**(168)**	**(218)**
Deferred taxes from stocks of ordinary losses	**5**	**30**
Deferred taxes recorded on the balance sheet	**(163)**	**(188)**
of which assets	276	268
of which liabilities	(439)	(456)

The group's consolidated financial statements show an overall deferred tax liability of €163 million. This deferred tax liability may be broken down as follows:

- A deferred tax asset of €276 million as at 31 December 2015 compared with €268 million as at 31 December 2014, or an increase of €8 million.
- A deferred tax liability of €439 million as at 31 December 2015 compared with €456 million as at 31 December 2014, i.e., a decrease of €17 million.

Deferred tax assets from ordinary losses amounted to €5 million as at 31 December 2015 compared with €30 million as at 31 December 2014, or a decrease of €25 million following the use of the stock of loss by the tax consolidation group on the 2015 tax.

Deferred taxes on net assets not recognised amounted to €115 million as at 31 December 2015, compared with €87 million as at 31 December 2014.

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	31.12.2015							31.12.2014
	France			International			Total	Total
	Gross value	Reserves	Net value	Gross value	Reserves	Net value		
Earned premiums not written	586		586	16		16	602	597
Policyholders, intermediaries, and other third parties	1,188	(31)	1,157	386	(62)	324	1,481	1,573
Current accounts – co-insurers and other third parties	87	(1)	86	41	(28)	13	99	82
Current accounts – ceding and retroceding companies	240		240	6	(1)	5	246	234
Total	**2,101**	**(32)**	**2,069**	**448**	**(90)**	**358**	**2,427**	**2,487**

Note 16.2 – Receivables from insurance or inward reinsurance – by maturity

In millions of euros	31.12.2015				31.12.2014			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Earned premiums not written	607	(5)		602	601	(4)		597
Policyholders, intermediaries, and other third parties	1,347	133		1,481	1,550	24		1,573
Current accounts – co-insurers and other third parties	88	11		99	71	11		82
Current accounts – ceding and retroceding companies	186	57	2	246	185	47	2	234
Total	**2,228**	**196**	**2**	**2,427**	**2,407**	**78**	**2**	**2,487**

NOTE 17 – RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS

In millions of euros	31.12.2015			31.12.2014
	Gross value	Reserves	Net value	Net value
Outward reinsurer and retrocessionaire current accounts	63	(6)	57	81
Other receivables from reinsurance transactions	206	(1)	205	130
Total	**268**	**(7)**	**261**	**212**

NOTE 17.1 – RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS – BY MATURITY

In millions of euros	31.12.2015				31.12.2014			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Outward reinsurer and retrocessionaire current accounts	27	30		57	54	27	1	81
Other receivables from reinsurance transactions	205			205	130			130
Total	**232**	**30**		**261**	**184**	**27**	**1**	**212**

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	31.12.2015				31.12.2014			
	< 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	282			282	265			265

"Current tax receivables and other tax receivables" amounted to €282 million as at 31 December 2015 compared with €265 million as at 31 December 2014. It includes corporate tax as well as other government and public authority receivables.

Current tax receivables totalled €82 million as at 31 December 2015, including €47 million for international subsidiaries, versus €87 million at 31 December 2014.

Other current tax receivables totalled €200 million as at 31 December 2015, including €59 million for international subsidiaries, versus €178 million as at 31 December 2014.

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

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Current tax receivables and other tax receivables	176	106	282	157	108	265

NOTE 19 – OTHER RECEIVABLES

In millions of euros	31.12.2015			31.12.2014
	Gross Values	Reserves	Total	Total
Accrued interest not yet due	809		809	800
Due from employees	9		9	10
Social agencies	18		18	28
Miscellaneous debtors	1,466	(110)	1,356	1,262
Other receivables	205		205	277
Total	**2,507**	**(110)**	**2,397**	**2,376**

NOTE 19.1 – OTHER RECEIVABLES – BY MATURITY

In millions of euros	31.12.2015				31.12.2014			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Accrued interest not yet due	809			809	800			800
Due from employees	9			9	10			10
Social agencies	18			18	28			28
Miscellaneous debtors	1,272	54	29	1,356	1,174	54	34	1,262
Other receivables	205			205	277			277
Total	**2,314**	**54**	**29**	**2,397**	**2,288**	**54**	**34**	**2,376**

NOTE 19.2 – OTHER RECEIVABLES – BY OPERATING SEGMENT

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Accrued interest not yet due	726	83	809	723	77	800
Due from employees	8	1	9	9	1	10
Social agencies	18		18	27		28
Miscellaneous debtors	1,311	45	1,356	1,211	51	1,262
Other receivables	176	29	205	253	23	277
Total	**2,239**	**158**	**2,397**	**2,223**	**153**	**2,376**

NOTE 20 – CASH AND CASH EQUIVALENTS

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

In millions of euros	31.12.2015	31.12.2014
France	1,274	1,004
International	176	461
Total	**1,451**	**1,465**

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	31.12.2015				31.12.2014			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Operating debts to banking sector companies	172			172	99			99
Total	**172**			**172**	**99**			**99**

In millions of euros	31.12.2015			
	Currencies		Rates	
	Eurozone	Non-eurozone	Fixed rate	Variable rate
Operating debts to banking sector companies	172		172	
Total	**172**		**172**	

NOTE 21 – SHAREHOLDERS' EQUITY, MINORITY INTERESTS

NOTE 21.1 – SHARE CAPITAL LIMITS FOR INSURANCE COMPANIES

Insurance business operations are governed by regulatory constraints that define minimum share capital in particular. In France, in accordance with the European directive and by virtue of articles R322-5 and R322-44 of the French insurance code, French companies subject to State control and incorporated in the form of mutual insurance companies must have start-up funds at least equal to €240,000 or €400,000 depending on the branches operated. French public limited companies must have share capital of at least €480,000 or €800,000 depending on the branches operated.

In addition, in order to ensure the financial stability of insurance companies and protect policyholders, there is a prudential reserve in France under Article R. 334-1 of the French Insurance Code. It requires insurance companies to respect a minimum solvency margin on an ongoing basis relative to its activities (life and non-life). This obligation also exists abroad, according to similar mechanisms. This entire mechanism is reinforced at the level of the consolidated financial statements through the establishment of "adjusted" solvency by taking into account, where applicable, the banking 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 2015**

During fiscal year 2015, Groupama SA made a partial redemption of its perpetual super-subordinated bond, issued in 2007, for €13 million.

Following this transaction, the bonds classified in shareholders' equity are detailed as follows:

- a fixed-rate perpetual subordinated bond (TSDI), issued in May 2014, at the fixed interest rate of 6.375% for a nominal value of €1,100 million and
- a perpetual subordinated bond (TSS), issued in 2007, at the fixed interest rate of 6.298% for a remaining nominal value of €416 million.

In December 2015, Groupama Rhône-Alpes-Auvergne issued the first mutual insurance certificates to its members and customers for €3 million.

➢ **Accounting treatment of subordinated bonds classified in equity instruments**

These bonds have particular characteristics, such as:

- the unlimited duration of the bond,
- the ability to defer or cancel any interest payment to unitholders in a discretionary manner,
- an interest "step-up" clause that kicks in following the tenth year of the bond.

Taking into account their characteristics and in application of IAS 32 §16 and 17, these bonds 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 on 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	31.12.2015	31.12.2014
Gross unrealised capital gains (losses) on available-for-sale assets	7,998	8,586
of which unrealised gross capital gains (losses) on AFS assets allocated to life and health insurance	6,991	7,445
of which unrealised gross capital gains (losses) on AFS assets allocated to property and casualty insurance	1,007	1,141
Shadow accounting	(5,837)	(6,304)
Cash flow hedge and other changes	(60)	(60)
Deferred taxes	(603)	(586)
Share of non-controlling interests	(4)	(5)
Revaluation reserve - Group share	**1,493**	**1,630**

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 includes a cash flow hedge revaluation reserve of €42 million and a net investment hedge revaluation reserve of €18 million. These reserves correspond to the effective share of hedging transactions implemented by the Group in the past and since settled. They will be recycled in profit or loss upon disposal of the hedged items in accordance with the provisions of IAS 39.

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

NOTE 22 – CONTINGENT LIABILITIES

In millions of euros	31.12.2015						
	France			International			Total
	Provisions for pensions and similar obligations	Other contingent liabilities (1)	Total	Provisions for pensions and similar obligations	Other contingent liabilities (1)	Total	
Opening balance	**409**	**131**	**540**	**40**	**51**	**91**	**631**
Changes in scope of consolidation, changes in accounting methods, and transfers				(2)		(2)	(2)
Increases for the year	46	66	112	3	10	13	125
Write-backs for the year	(58)	(36)	(94)	(4)	(14)	(18)	(112)
Foreign exchange variation							
Closing balance	**397**	**161**	**558**	**37**	**47**	**84**	**642**

(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	31.12.2014						
	France			International			Total
	Provisions for pensions and similar obligations	Other contingent liabilities (1)	Total	Provisions 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.

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

NOTE 23.1 – RESERVE FOR PENSIONS

In millions of euros	31.12.2015			31.12.2014		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Actuarial debt	722	84	806	728	80	808
Fair value of hedging assets	372		372	359		359
Net actuarial debt	**350**	**84**	**434**	**369**	**80**	**449**

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

In millions of euros	31.12.2015			31.12.2014		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Opening actuarial debt	**728**	**80**	**808**	**649**	**72**	**722**
Cost of past services	12	6	18	16	6	22
Interest expense	18	1	19	21	2	23
Revaluations of actuarial debt						
Actuarial differences resulting from changes in demographic assumptions	3	1	4	4		4
Actuarial differences resulting from changes in financial assumptions	(20)	(1)	(21)	59	6	65
Experience-related adjustments	(15)	(3)	(18)	(8)	(3)	(11)
Benefits paid directly by the employer	(10)	(3)	(13)	(15)	(3)	(18)
Benefits paid by hedging assets	(16)		(16)	(21)		(21)
Cost of past services and profit/loss on liquidation		1	1			
Change in scope of consolidation						
Change in exchange rates	23		23	22		22
Other	(2)	4	2			
Closing actuarial debt	**722**	**84**	**806**	**728**	**80**	**808**

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

In millions of euros	31.12.2015			31.12.2014		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Opening fair value of hedging assets	**359**		**359**	**327**		**327**
Interest income	13		13	14		14
Revaluations of hedging assets						
Portion of yield on hedging assets in excess of the discount rate	(13)		(13)	18		18
Change in effect of asset cap						
Benefits paid	(16)		(16)	(21)		(21)
Employer contributions	9		9	5		5
Employee contributions						
Change in scope of consolidation						
Change in exchange rates	21		21	21		21
Other				(6)		(6)
Closing fair value of hedging assets	**372**		**372**	**359**		**359**

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	31.12.2015	31.12.2014
Cost of services:		
Cost of past services	(12)	(17)
Cost of past services and profit/loss on liquidation		
Net interest on net actuarial debt	(5)	(7)
Other		
Component of the expense recognised on the income statement	**(17)**	**(24)**
Revaluation of net actuarial debt:		
Portion of return on hedging assets not recognised on the income statement	(13)	18
Actuarial differences resulting from changes in demographic assumptions	(3)	(3)
Actuarial differences resulting from changes in financial assumptions	21	(59)
Experience-related adjustments	15	8
Change in effect of asset cap		
Component of the expense recognised through profit/losses posted directly as shareholders' equity	**20**	**(36)**

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

In millions of euros	31.12.2015	31.12.2014
Equities	265	153
Bonds	68	41
General euro funds	40	164
Other		
Closing fair value of assets	**373**	**358**

NOTE 23.4 – PRINCIPAL ACTUARIAL ASSUMPTIONS

In millions of euros	31.12.2015				31.12.2014			
	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial debt	384	380	42	806	385	377	45	807
Fair value of hedging assets	12	359	1	372	10	347	1	358
Net actuarial debt	**372**	**21**	**41**	**434**	**375**	**30**	**44**	**449**
Principal actuarial assumptions								
Financial assumptions								
Discount rate	2.10%	3.80%	NS		1.80%	3.60%	3.50%	
Yield expected from plan assets	2.10%	3.80%	NS		1.80%	3.60%	3.25%	
Expected salary/pension increase	2.03%	3.00%	NS		1.93%	3.00%	3.25%	
Turn-over								
- 18 to 34 years	3.23%	NA	NS		3.64%	NA	NS	
- 35 to 44 years	2.00%	NA	NS		2.10%	NA	NS	
- 45 to 54 years	0.71%	NA	NS		0.96%	NA	NS	
- 55 and older	1.24%	NA	NS		0.00%	NA	NS	

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

As in 2014, the discount rate used at 31 December 2015 to assess actuarial commitments corresponds to the interest rate on high-quality corporate bonds.

The sensitivity to an increase of 50 basis points in this discount rate is -5.9% on the gross actuarial debt total for France, and -8.7% for the United Kingdom.

Sensitivity to social commitments in relation to illness cover: as at 31 December 2015, actuarial debt for illness cover amounted to €10.3 million. The sensitivity of this debt to an increase of 50 basis points in the discount rate is -5.1%.

A 0.5% change in the increase in medical costs would not have a material impact on the Group’s combined financial statements.

NOTE 24 – FINANCING DEBT

NOTE 24.1 – FINANCING DEBT – BY MATURITY

In millions of euros	31.12.2015				31.12.2014			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Subordinated debt			750	750			791	791
of which subordinated debt of insurance companies			750	750			791	791
of which subordinated debts of banking companies								
Financing debt represented by securities								
Financing debt with banking-sector companies	2	12	3	17	2	16	31	49
Total	**2**	**12**	**753**	**767**	**2**	**16**	**822**	**840**

As at 31 December 2015, group external debt decreased by €73 million compared with 31 December 2014.

This decrease came primarily from the early redemption of the perpetual subordinated bonds issued in 2005 on the first redemption date, i.e., 6 July 2015, for €41 million and the repayment of leasing debts for €30 million.

NOTE 24.2 – FINANCING DEBT – BY CURRENCY AND RATE

In millions of euros	31.12.2015			
	Currencies		Rates	
	Eurozone	Non-eurozone	Fixed rate	Variable rate
Subordinated debt	750		750	
Financing debt represented by securities				
Financing debt with banking-sector companies	17		17	
Total	**767**		**767**	

The "subordinated debt" item corresponds to the issue of a fixed interest loan in the form of subordinated redeemable securities (TSR) issued in October 2009 by Groupama SA for an amount of €750 million.

The key terms of this bond are as follows:

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

At 31 December 2015, this issue was quoted at 107.4% compared with 111.5% at 31 December 2014.

In view of the terms and conditions specific to this issue and pursuant to IAS 32 §16 and 17, this bond is considered a financial liability rather than an equity instrument. It is therefore recognised under financing debt. Interest costs net of tax are recognised on the income statement.

"Financing debts to banking sector companies" amounted to €17 million, corresponding mainly to miscellaneous borrowings.

NOTE 25 – LIABILITIES RELATED TO INSURANCE POLICIES

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

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Gross underwriting reinsurance reserves						
Life insurance reserves	30,452	1,151	31,603	30,265	1,162	31,427
Outstanding claims reserves	689	74	762	654	68	722
Profit-sharing reserves	867	9	877	915	28	943
Other underwriting reserves	4	24	27	7	27	34
Total Life insurance	**32,012**	**1,257**	**33,269**	**31,841**	**1,286**	**33,127**
Reserves for unearned premiums	1,029	663	1,692	1,014	693	1,707
Outstanding claims reserves	8,309	2,305	10,614	8,130	2,285	10,415
Other underwriting reserves	3,318	55	3,373	3,132	47	3,179
Total Non-life insurance	**12,656**	**3,023**	**15,679**	**12,276**	**3,025**	**15,302**
Life insurance reserves for unit-linked policies	7,105	866	7,971	6,137	829	6,966
Total	**51,773**	**5,146**	**56,919**	**50,254**	**5,140**	**55,394**

The adequacy tests carried out on liabilities as at 31 December 2015 were found to be satisfactory and did not result in the recognition of any additional technical expense.

NOTE 25.2 – TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES – BY BUSINESS

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

In millions of euros	31.12.2015			31.12.2014		
	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	30,452		30,452	30,265		30,265
Outstanding claims reserves	689		689	654		654
Profit-sharing reserves	867		867	915		915
Other underwriting reserves	4		4	7		7
Total Life insurance	**32,012**		**32,012**	**31,841**		**31,841**
Reserves for unearned premiums	138	890	1,028	140	874	1,014
Outstanding claims reserves	939	7,370	8,309	904	7,226	8,130
Other underwriting reserves	2,648	670	3,318	2,564	568	3,132
Total Non-life insurance	**3,726**	**8,930**	**12,656**	**3,608**	**8,668**	**12,276**
Life insurance reserves for unit-linked policies	7,105		7,105	6,137		6,137
Total Gross underwriting reserves relating to insurance policies	**42,843**	**8,930**	**51,773**	**41,586**	**8,668**	**50,254**

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

In millions of euros	31.12.2015			31.12.2014		
	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	1,151		1,151	1,162		1,162
Outstanding claims reserves	74		74	68		68
Profit-sharing reserves	9		9	28		28
Other underwriting reserves	23		24	27		27
Total Life insurance	**1,257**		**1,257**	**1,286**		**1,286**
Reserves for unearned premiums	64	599	663	66	627	693
Outstanding claims reserves	73	2,232	2,305	82	2,203	2,285
Other underwriting reserves	15	40	55	10	37	47
Total Non-life insurance	**152**	**2,870**	**3,023**	**158**	**2,867**	**3,025**
Life insurance reserves for unit-linked policies	866		866	829		829
Total Gross underwriting reserves relating to insurance policies	**2,275**	**2,870**	**5,146**	**2,273**	**2,867**	**5,140**

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

In millions of euros	31.12.2015			31.12.2014		
	Gross life insurance reserves	Gross outstanding claims reserves	Total	Gross life insurance reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	251	26	276	121	24	145
Individual insurance	11,008	243	11,250	11,314	190	11,504
Group policies	198	4	202	199	4	203
Other	2,386		2,386	2,389		2,389
Total reserves for single-premium policies	**13,842**	**273**	**14,115**	**14,023**	**218**	**14,241**
Periodic-premium policies						
Capitalisation	299	11	310	314	11	325
Individual insurance	6,843	175	7,017	6,730	169	6,898
Group policies	7,470	283	7,753	7,220	295	7,515
Other	565	1	567	596	4	600
Total reserves for periodic-premium policies	**15,177**	**470**	**15,647**	**14,860**	**478**	**15,338**
Inward reinsurance	**2,584**	**20**	**2,604**	**2,544**	**26**	**2,570**
Total	**31,603**	**762**	**32,365**	**31,427**	**722**	**32,149**

In millions of euros	31.12.2015			31.12.2014		
	Reserves for unearned premiums	Outstanding claims reserves	Total	Reserves for unearned premiums	Outstanding claims reserves	Total
Non-life insurance						
Motor insurance	746	4,739	5,485	756	4,640	5,396
Bodily injury	217	1,262	1,479	217	1,207	1,425
Property damage	456	2,013	2,468	453	2,030	2,484
General third-party liability	53	496	550	53	482	535
Marine, aviation, transport	8	204	213	10	208	218
Other risks	211	1,466	1,677	218	1,473	1,691
Inward reinsurance	**1**	**433**	**434**	**0**	**374**	**374**
Total non-life insurance reserves	**1,692**	**10,614**	**12,306**	**1,707**	**10,415**	**12,122**

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

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Opening reserves for non-life claims	**8,130**	**2,285**	**10,415**	**8,059**	**2,174**	**10,233**
Portfolio transfers						
Claims expense for the current fiscal year	5,828	1,257	7,085	5,915	1,321	7,236
Claims expense for previous fiscal years	(9)	74	64	(119)	(5)	(124)
Total claims expense	**5,819**	**1,331**	**7,150**	**5,797**	**1,315**	**7,112**
Claims payments for the current fiscal year	(2,879)	(616)	(3,495)	(2,900)	(581)	(3,481)
Claims payments for previous fiscal years	(2,763)	(662)	(3,425)	(2,826)	(630)	(3,456)
Total payments	**(5,642)**	**(1,278)**	**(6,920)**	**(5,726)**	**(1,212)**	**(6,937)**
Foreign exchange variation	**2**	**(33)**	**(31)**	**1**	**7**	**8**
Closing reserves for non-life claims	**8,309**	**2,305**	**10,614**	**8,130**	**2,285**	**10,415**

NOTE 25.5 – IMPACT OF GROSS CLAIMS

In millions of euros	2011	2012	2013	2014	2015
Estimate of the claims expense					
End N	6,895	7,320	7,265	7,232	7,072
End N+1	7,322	7,381	7,350	7,192	
End N+2	7,236	7,380	7,120		
End N+3	7,242	7,302			
End N+4	7,177				
Claims expense	**7,177**	**7,302**	**7,120**	**7,192**	**7,072**
Cumulative claims payments	**6,531**	**6,500**	**6,135**	**5,528**	**3,486**
Outstanding claims reserves	**646**	**802**	**985**	**1,664**	**3,586**
Earned premiums	**9,494**	**9,908**	**9,873**	**9,967**	**10,072**
Claims ratio	**75.6%**	**73.7%**	**72.1%**	**72.2%**	**70.2%**

The statement of claim trends shows changes in estimates of the gross claims expense per year of occurrence covering the years 2011 to 2015, 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	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Closing non-life annuity actuarial reserves (net of recoveries)	**2,440**	**23**	**2,463**	**2,275**	**23**	**2,298**
Closing non-life annuity actuarial reserves (net of recoveries) before change in discount rate	2,314	23	2,337	2,222	23	2,245
Closing non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,675	23	2,698	2,629	23	2,651
Technical interest	(361)		(361)	(406)		(406)
Impact of change in discount rate	126		126	53		53

PROPORTION CEDED

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries)	**215**		**215**	**194**		**194**
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) before change in discount rate	207		207	191		191
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) excluding technical interest	229		229	217		217
Technical interest	(22)		(22)	(26)		(26)
Impact of change in discount rate	8		8	3		3

NOTE 26 – TECHNICAL LIABILITIES RELATED TO FINANCIAL CONTRACTS

In millions of euros	31.12.2015	31.12.2014
Reserves on financial contracts with discretionary profit sharing		
Life underwriting reserves	15,836	17,121
Unit-linked policy reserves	56	86
Outstanding claims reserves	65	78
Profit-sharing reserves	16	38
Other underwriting reserves	1	1
Total	**15,974**	**17,325**
Reserves for financial contracts without discretionary profit-sharing		
Life underwriting reserves	6	7
Unit-linked policy reserves	65	60
Outstanding claims reserves		
Profit-sharing reserves		
Other underwriting reserves		
Total	**71**	**68**
Total	**16,046**	**17,392**

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

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Life financial contract reserves	14,174	1,668	15,842	15,611	1,518	17,128
Outstanding claims reserves	47	19	66	68	10	78
Profit-sharing reserves	13	3	16	35	3	38
Other underwriting reserves	1		1	1		1
Total	**14,235**	**1,690**	**15,925**	**15,715**	**1,530**	**17,246**

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

In millions of euros	31.12.2015			31.12.2014		
	Life financial contract reserves	Gross outstanding claims reserves	Total	Life financial contract reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	256	10	267	276	5	281
Individual insurance	14,732	16	14,747	16,061	15	16,076
Group policies	95		95	86		86
Other						
Total reserves for single-premium policies	**15,082**	**26**	**15,109**	**16,423**	**20**	**16,443**
Periodic-premium policies						
Capitalisation	105	2	108	116	1	117
Individual insurance	379	36	414	329	51	379
Group policies	272	1	274	257	6	263
Other	3		3	3	1	4
Total reserves for periodic-premium policies	**760**	**39**	**799**	**705**	**58**	**763**
Inward reinsurance						
Total	**15,842**	**66**	**15,908**	**17,128**	**78**	**17,206**

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

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Opening actuarial reserves	**45,876**	**2,680**	**48,556**	**47,509**	**2,524**	**50,033**
Premiums for the year	1,797	500	2,296	1,875	490	2,365
Portfolio transfer/changes in scope of consolidation						
Interest credited	235	52	286	235	64	299
Profit-sharing	908	28	936	1,095	22	1,118
Policies at term	(335)	(215)	(550)	(332)	(176)	(507)
Redemptions	(1,618)	(198)	(1,816)	(1,853)	(220)	(2,073)
Annuity arrears	(537)	(3)	(540)	(513)	(3)	(515)
Death benefits	(971)	(18)	(989)	(912)	(14)	(926)
Other changes	(727)	(7)	(734)	(1,229)	(7)	(1,237)
Closing actuarial reserves	**44,627**	**2,818**	**47,445**	**45,876**	**2,680**	**48,556**

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	31.12.2015			31.12.2014		
	Insurance	Banking	Total	Insurance	Banking	Total
Debts to unit holders of consolidated mutual funds	184		184	173		173
Total	**184**		**184**	**173**		**173**

NOTE 29 – LIABILITIES FROM INSURANCE OR INWARD REINSURANCE OPERATIONS

In millions of euros	31.12.2015				31.12.2014			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Policyholders, intermediaries, and other third parties	714	2		716	717	1		718
Co-insurers	72	1		73	54	1		55
Current accounts – ceding and retroceding companies	75	45		120	41	36		77
Total	**860**	**48**		**908**	**812**	**39**		**850**

NOTE 30 – LIABILITIES FROM OUTWARD REINSURANCE ACTIVITIES

In millions of euros	31.12.2015				31.12.2014			
	< 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)	7,221	16		7,237	7,295	18	5	7,318
Other liabilities from reinsurance activities	74	3		77	68			68
Total	**7,295**	**19**		**7,314**	**7,363**	**18**	**5**	**7,386**

(1) Including deposits received from reinsurers.

NOTE 31 – CURRENT TAXES PAYABLE AND OTHER TAX LIABILITIES

In millions of euros	31.12.2015				31.12.2014			
	< 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	199			199	239	3		242
Total	**199**			**199**	**239**	**3**		**242**

"Current taxes payable and other tax liabilities" amounted to €199 million as at 31 December 2015 compared with €242 million as at 31 December 2014. It includes corporate income taxes due in France and abroad as well as other government and public authority liabilities.

Current tax payables totalled €47 million as at 31 December 2015, versus €80 million as at 31 December 2014, broken down as follows:

- €23 million for companies within the tax consolidation scope;
- €24 million for foreign companies.

Other tax liabilities totalled €152 million as at 31 December 2015, including €38 million for foreign companies, versus €162 million as at 31 December 2014.

NOTE 32 – OTHER DEBTS

NOTE 32.1 – OTHER DEBTS – BY OPERATING SEGMENT

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Employee creditors	306	8	313	296	8	304
Social agencies	226	7	233	225	7	233
Other loans, deposits, and guarantees received	4,219	5	4,225	4,188	6	4,194
Other creditors	667	53	720	696	55	751
Other debts	265	34	299	370	36	406
Total	**5,683**	**107**	**5,791**	**5,776**	**111**	**5,888**

Note that €4,099 million in debts on securities delivered under repurchase agreements appears in "Other loans, deposits, and guarantees received".

NOTE 32.2 – OTHER DEBT – BY MATURITY

In millions of euros	31.12.2015				31.12.2014			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Employee creditors	295	1	17	313	287	1	16	304
Social agencies	232	1		233	232	1		233
Other loans, deposits, and guarantees received	4,176	12	36	4,225	4,119	13	61	4,194
Other creditors	718	1	1	720	748	2	1	751
Other debts	299			299	406			406
Total	**5,721**	**15**	**54**	**5,791**	**5,792**	**17**	**79**	**5,888**

NOTE 32.3 – OTHER DEBT – BY CURRENCY AND RATE

In millions of euros	31.12.2015			
	Currencies		Rates	
	Eurozone	Non-eurozone	Fixed rate	Variable rate
Employee creditors	311	2	313	
Social agencies	232	1	233	
Other loans, deposits, and guarantees received	4,212	13	4,214	11
Other creditors	703	17	720	
Other debts	299		299	
Total	**5,758**	**33**	**5,780**	**11**

NOTE 33 – ANALYSIS OF PREMIUM INCOME

NOTE 33.1 – ANALYSIS OF INSURANCE PREMIUM INCOME BY MAJOR CATEGORY

In millions of euros	31.12.2015			31.12.2014		
	France	Inter-national	Total	France	Inter-national	Total
Individual retirement savings	1,764	645	2,409	1,764	628	2,392
Individual protection insurance	615	117	732	612	114	726
Individual health insurance	1,336	70	1,406	1,370	65	1,435
Other	144		144	168		168
Individual life and health insurance	**3,860**	**832**	**4,692**	**3,914**	**808**	**4,722**
Group retirement savings	156	45	201	165	45	210
Group protection scheme	517	72	589	516	67	583
Group health insurance	587	27	614	514	24	538
Other	228		228	203		203
Group life and health insurance	**1,488**	**145**	**1,633**	**1,398**	**137**	**1,534**
Life and health insurance	**5,348**	**977**	**6,324**	**5,312**	**945**	**6,256**
Motor insurance	1,538	1,102	2,640	1,545	1,161	2,706
Other vehicles	99		99	105		105
Home insurance	1,022	183	1,205	996	178	1,174
Personal and professional property and casualty	435	15	450	411	13	424
Construction	156		156	161		161
Private and professional	**3,250**	**1,301**	**4,551**	**3,218**	**1,352**	**4,570**
Fleets	422	15	437	410	11	421
Business and municipal property	446	189	635	440	190	630
Businesses and local authorities	**868**	**204**	**1,072**	**850**	**201**	**1,051**
Agricultural risks	479	146	625	483	112	595
Climate risks	221		221	246		246
Tractors and farming equipment	270		270	256		256
Agricultural business lines	**970**	**146**	**1,116**	**985**	**112**	**1,097**
Other business lines	322	79	401	302	79	381
Property and casualty insurance	**5,410**	**1,730**	**7,141**	**5,355**	**1,743**	**7,099**
Total Insurance	**10,758**	**2,707**	**13,465**	**10,667**	**2,688**	**13,356**

NOTE 33.2 – ANALYSIS OF PREMIUM INCOME BY BUSINESS

In millions of euros	31.12.2015					31.12.2014				
	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	5,348	5,411	280	11,038	80%	5,312	5,355	279	10,947	80%
Southern Europe	794	1,416		2,210	16%	747	1,460		2,207	16%
CEEC	183	313		497	4%	198	284		482	4%
Total	**6,324**	**7,141**	**280**	**13,745**	**100%**	**6,257**	**7,099**	**279**	**13,635**	**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	31.12.2015			31.12.2014		
	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and related income	48		48	53		53
Commissions (income)	59	123	183	59	122	181
Gains on financial instruments at fair value through income	29		29	20	1	21
Gains on available-for-sale financial assets	17	1	18	21		22
Income from other business activities	1	1	2		3	3
Total	**154**	**126**	**280**	**154**	**126**	**279**

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	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Interest on deposits and financial investments income	1,867	242	2,109	1,904	244	2,148
Gains on foreign exchange transactions	97	15	112	78	9	88
Income from differences on redemption prices to be received (premium-discount)	120	3	123	105	3	108
Property income	156	1	156	143	1	143
Other investment income						
Income from investments	**2,240**	**261**	**2,500**	**2,230**	**258**	**2,488**
Interest received from reinsurers			(1)	(2)		(3)
Losses on foreign exchange transactions	(62)	(11)	(72)	(21)	(9)	(31)
Amortisation of differences in redemption prices (premium-discount)	(279)	(26)	(305)	(234)	(18)	(252)
Depreciation and reserves on property	(81)	(3)	(84)	(69)	(2)	(71)
Management expenses	(350)	(12)	(362)	(347)	(11)	(358)
Investment expenses	**(772)**	**(52)**	**(824)**	**(673)**	**(41)**	**(714)**
Held for trading	(59)	3	(56)	44	5	48
Available-for-sale	634	33	667	490	54	544
Held to maturity						
Other	45	7	52	16	5	21
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**621**	**42**	**663**	**549**	**64**	**613**
Held for trading	49	(2)	46	66	13	79
Derivatives	123		123	(395)		(395)
Adjustments on unit-linked policies	168	12	179	438	27	464
Change in fair value of financial instruments recognised at fair value through profit or loss	**339**	**9**	**348**	**109**	**40**	**148**
Available-for-sale	(3)		(3)	(9)	(7)	(16)
Held to maturity						
Receivables and loans	(3)		(3)	4		4
Change in impairments on financial instruments	**(6)**		**(6)**	**(6)**	**(7)**	**(12)**
Total	**2,422**	**259**	**2,681**	**2,209**	**314**	**2,523**

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	31.12.2015				31.12.2014			
	Property and casualty insurance	Life and health insurance	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total
Interest on deposits and financial investments income	219	1,681	(33)	1,867	191	1,711	2	1,904
Gains on foreign exchange transactions	6	79	12	97	4	75		78
Income from differences on redemption prices to be received (premium-discount)	4	116		120	4	101		105
Property income	26	119	11	156	40	102		143
Other investment income								
Income from investments	**255**	**1,994**	**(9)**	**2,240**	**239**	**1,989**	**2**	**2,230**
Interest received from reinsurers					(2)			(2)
Losses on foreign exchange transactions	(3)	(55)	(3)	(62)	(3)	(18)	(1)	(21)
Amortisation of differences on redemption prices (premium/discount)	(21)	(245)	(13)	(279)	(21)	(213)		(234)
Depreciation and reserves on property	(17)	(58)	(6)	(81)	(34)	(34)		(69)
Management expenses	(42)	(320)	12	(350)	(55)	(324)	32	(347)
Investment expenses	**(83)**	**(679)**	**(11)**	**(772)**	**(114)**	**(590)**	**31**	**(673)**
Held for trading		(55)	(4)	(59)	1	42	1	44
Available-for-sale	87	472	75	634	97	394	(1)	490
Held to maturity								
Other	10	30	6	45	5	10		16
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**96**	**447**	**77**	**621**	**103**	**446**	**0**	**549**
Held for trading	11	46	(9)	49	21	114	(69)	66
Derivatives	1	84	38	123	(3)	(380)	(11)	(395)
Adjustments on unit-linked policies		168		168		438		438
Change in fair value of financial instruments recognised at fair value through profit or loss	**12**	**298**	**29**	**339**	**18**	**172**	**(81)**	**109**
Available-for-sale	(1)	(2)		(3)	(2)	(6)	(1)	(9)
Held to maturity								
Receivables and loans	(2)	(1)		(3)	3	1		4
Change in impairments on financial instruments	**(3)**	**(2)**		**(6)**	**0**	**(5)**	**(1)**	**(6)**
Total investment income net of management expenses	**277**	**2,059**	**86**	**2,422**	**245**	**2,012**	**(48)**	**2,209**

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

In millions of euros	31.12.2015				31.12.2014			
	Property and casualty insurance	Life and health insurance	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total
Interest on deposits and financial investments income	105	134	3	242	103	139	3	244
Gains on foreign exchange transactions	13	1		15	9	1		9
Income from differences on redemption prices to be received (premium-discount)	1	2		3	1	2		3
Property income	1			1	1			1
Other investment income								
Income from investments	**120**	**138**	**3**	**261**	**113**	**142**	**3**	**258**
Interest received from reinsurers								
Losses on foreign exchange transactions	(10)	(1)		(11)	(8)	(1)		(9)
Amortisation of differences in redemption prices (premium-discount)	(17)	(9)		(26)	(10)	(8)		(18)
Depreciation and reserves on property	(3)			(3)	(2)			(2)
Management expenses	(6)	(5)	(2)	(12)	(6)	(4)	(1)	(11)
Investment expenses	**(36)**	**(15)**	**(2)**	**(52)**	**(27)**	**(12)**	**(1)**	**(41)**
Held for trading		3		3		5		5
Available-for-sale	27	6		33	48	6		54
Held to maturity								
Other	4	3		7	2	4		5
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**31**	**11**		**42**	**50**	**14**		**64**
Held for trading	(2)			(2)	7	6		13
Derivatives								
Adjustments on unit-linked policies		12		12		27		27
Change in fair value of financial instruments recognised at fair value through profit or loss	**(2)**	**11**		**9**	**7**	**32**		**40**
Available-for-sale					(4)	(3)		(7)
Held to maturity								
Receivables and loans								
Change in impairments on financial instruments					**(4)**	**(3)**		**(7)**
Total investment income net of management expenses	**112**	**146**	**1**	**259**	**139**	**173**	**1**	**313**

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

In millions of euros	31.12.2015					31.12.2014				
	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	100	52		(28)	124	72	21			93
Equities	50	466	2	(4)	514	93	175	1	(14)	254
Bonds	1,598	36	(12)		1,622	1,623	228	39		1,890
Equity mutual fund	40	71	84	10	205	41	139	73	(3)	251
Mutual funds: Cash and cash equivalents (repurchase transactions)		(2)			(2)		5			5
Other cash mutual funds	1	2			3		10	1		11
Fixed-income mutual funds	93	27	(4)	(9)	107	85	24	39	1	149
Derivatives			123		123		(6)	(396)		(402)
Other investment income	256	11	(24)	(2)	241	250	17	(73)	4	198
Investment income	**2,138**	**663**	**169**	**(33)**	**2,937**	**2,164**	**613**	**(316)**	**(12)**	**2,449**
Internal and external management expenses and other financial expenses	(340)				(340)	(347)				(347)
Other investment expenses	(96)				(96)	(44)				(44)
Investment expenses	**(436)**				**(436)**	**(391)**				**(391)**
Financial income, net of expenses	**1,702**	**663**	**169**	**(33)**	**2,501**	**1,773**	**613**	**(316)**	**(12)**	**2,058**
Capital gains on securities representing unit-linked policies			630		630			589		589
Capital losses on securities representing unit-linked policies			(450)		(450)			(125)		(125)
Total investment income net of management expenses	**1,702**	**663**	**349**	**(33)**	**2,681**	**1,773**	**613**	**148**	**(12)**	**2,522**

(*) net of write-backs of impairment and amortisation

Investment income net of management expenses increased by €159 million.

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

In millions of euros	31.12.2015					31.12.2014				
	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	102	45		(27)	120	74	16			90
Equities	49	462	1	(4)	508	91	173		(7)	257
Bonds	1,399	13	(13)		1,399	1,414	185	35		1,634
Equity mutual fund	39	69	88		196	38	130	64	(3)	229
Mutual funds: Cash and cash equivalents (repurchase transactions)		(2)			(2)		5			5
Other cash mutual funds	1	2			3		11			11
Bond mutual funds	80	25	(4)		101	76	23	39	1	139
Derivatives			123		123		(6)	(395)		(401)
Other investment income	236	7	(23)	(2)	218	234	12	(72)	4	178
Investment income	**1,906**	**621**	**172**	**(33)**	**2,666**	**1,927**	**549**	**(329)**	**(5)**	**2,142**
Internal and external management expenses and other financial expenses	(331)				(331)	(338)				(338)
Other investment expenses	(81)				(81)	(32)				(32)
Investment expenses	**(412)**				**(412)**	**(370)**				**(370)**
Financial income, net of expenses	**1,494**	**621**	**172**	**(33)**	**2,254**	**1,557**	**549**	**(329)**	**(5)**	**1,772**
Capital gains on securities representing unit-linked policies			609		609			557		557
Capital losses on securities representing unit-linked policies			(441)		(441)			(119)		(119)
Total investment income net of management expenses	**1,494**	**621**	**340**	**(33)**	**2,422**	**1,557**	**549**	**109**	**(5)**	**2,209**

(*) net of write-backs 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	31.12.2015					31.12.2014				
	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)	7		(1)	4	(2)	5			3
Equities	1	4	1		6	2	2		(7)	(3)
Bonds	199	23	1		223	209	43	4		256
Equity mutual fund	1	2	(4)	10	9	3	9	10		22
Mutual funds: Cash and cash equivalents (repurchase transactions)										
Other cash mutual funds										
Bond mutual funds	13	2		(9)	6	9	1			10
Derivatives										
Other investment income	20	4	(1)		23	16	5	(1)		20
Investment income	**232**	**42**	**(3)**	**(1)**	**271**	**237**	**64**	**13**	**(7)**	**308**
Internal and external management expenses and other financial expenses	(9)				(9)	(9)				(9)
Other investment expenses	(15)				(15)	(12)				(12)
Investment expenses	**(24)**				**(24)**	**(21)**				**(21)**
Financial income, net of expenses	**208**	**42**	**(3)**	**(1)**	**247**	**216**	**64**	**13**	**(7)**	**286**
Capital gains on securities representing unit-linked policies			21		21			32		33
Capital losses on securities representing unit-linked policies			(9)		(9)			(6)		(6)
Total investment income net of management expenses	**208**	**42**	**9**	**(1)**	**259**	**216**	**64**	**39**	**(7)**	**313**

(*) net of write-backs of impairment and amortisation

NOTE 35 – INSURANCE POLICY SERVICING EXPENSES

NOTE 35.1 – INSURANCE POLICY SERVICING EXPENSES – BY OPERATING SEGMENT

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Claims						
Paid to policyholders	(9,296)	(1,906)	(11,202)	(9,577)	(1,845)	(11,422)
Change in underwriting reserves						
Outstanding claims reserves	(212)	(28)	(240)	(196)	(54)	(250)
Actuarial reserves	1,898	(53)	1,845	1,981	(56)	1,925
Unit-linked reserves	(481)	(49)	(530)	(725)	(41)	(766)
Profit-sharing	(1,626)	(94)	(1,720)	(1,196)	(116)	(1,312)
Other underwriting reserves	(177)	(15)	(192)	(51)	(13)	(64)
Total	**(9,894)**	**(2,146)**	**(12,040)**	**(9,764)**	**(2,125)**	**(11,889)**

NOTE 35.2 – INSURANCE POLICY SERVICING EXPENSES BY BUSINESS

NOTE 35.2.1 – INSURANCE POLICY SERVICING EXPENSES BY BUSINESS – FRANCE

In millions of euros	31.12.2015			31.12.2014		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Claims						
Paid to policyholders	(3,461)	(5,835)	(9,296)	(3,634)	(5,943)	(9,577)
Change in underwriting reserves						
Outstanding claims reserves	(151)	(62)	(212)	(63)	(133)	(196)
Actuarial reserves		1,898	1,898		1,981	1,981
Unit-linked reserves		(481)	(481)		(725)	(725)
Profit-sharing	(1)	(1,625)	(1,626)		(1,196)	(1,196)
Other underwriting reserves	(85)	(92)	(177)	(23)	(28)	(51)
Total	**(3,698)**	**(6,196)**	**(9,894)**	**(3,720)**	**(6,043)**	**(9,764)**

NOTE 35.2.2 – INSURANCE POLICY SERVICING EXPENSES BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2015			31.12.2014		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Claims						
Paid to policyholders	(1,205)	(700)	(1,906)	(1,146)	(698)	(1,845)
Change in underwriting reserves						
Outstanding claims reserves	(27)	(1)	(28)	(44)	(10)	(54)
Actuarial reserves		(53)	(53)		(56)	(56)
Unit-linked reserves		(49)	(49)		(41)	(41)
Profit-sharing		(94)	(94)		(116)	(116)
Other underwriting reserves	(9)	(6)	(15)	(7)	(6)	(13)
Total	**(1,242)**	**(903)**	**(2,146)**	**(1,197)**	**(928)**	**(2,125)**

NOTE 36 – OUTWARD REINSURANCE INCOME (EXPENSES)

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

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Acquisition and administrative costs	197	28	225	148	18	166
Claims expenses	610	21	631	646	34	680
Change in underwriting reserves	(32)	2	(31)	(8)	(4)	(12)
Profit sharing	(247)	2	(246)	(300)	2	(298)
Change in reserve for equalisation						
Income from outward reinsurance	**528**	**52**	**580**	**486**	**49**	**536**
Outward premiums	(743)	(157)	(900)	(749)	(125)	(874)
Change in unearned premiums		(6)	(6)	(2)	1	(1)
Expenses on outward reinsurance	**(743)**	**(163)**	**(906)**	**(751)**	**(124)**	**(875)**
Total	**(215)**	**(111)**	**(326)**	**(264)**	**(75)**	**(339)**

Note 36.2 – Outward reinsurance income (expenses) by business

Note 36.2.1 – Outward reinsurance income (expenses) by business – France

In millions of euros	31.12.2015			31.12.2014		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Acquisition and administrative costs	20	178	197	19	129	148
Claims expenses	102	509	610	72	574	646
Change in other underwriting reserves	23	(56)	(32)	9	(17)	(8)
Profit sharing		(247)	(247)		(300)	(300)
Change in reserve for equalisation						
Income on outward reinsurance	**145**	**383**	**528**	**100**	**386**	**486**
Outward premiums	(336)	(407)	(743)	(347)	(402)	(749)
Change in unearned premiums				(2)		(2)
Expenses on outward reinsurance	**(336)**	**(407)**	**(743)**	**(349)**	**(402)**	**(751)**
Total	**(191)**	**(24)**	**(215)**	**(249)**	**(15)**	**(264)**

Note 36.2.2 – Outward reinsurance income (expenses) by business – International

In millions of euros	31.12.2015			31.12.2014		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Acquisition and administrative costs	27	1	28	17	1	18
Claims expenses	18	3	21	30	4	34
Change in other underwriting reserves	2		2	(4)	(1)	(4)
Profit sharing		2	2		2	2
Change in reserve for equalisation						
Income on outward reinsurance	**47**	**5**	**52**	**44**	**5**	**49**
Outward premiums	(150)	(7)	(157)	(118)	(7)	(125)
Change in unearned premiums	(6)		(6)			1
Expenses on outward reinsurance	**(156)**	**(7)**	**(163)**	**(117)**	**(6)**	**(124)**
Total	**(109)**	**(2)**	**(111)**	**(73)**	**(1)**	**(75)**

NOTE 37 – OPERATING EXPENSES

NOTE 37.1 – OPERATING EXPENSES – BY OPERATING SEGMENT

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
External expenses	(709)	(93)	(802)	(678)	(93)	(772)
Taxes	(231)	(23)	(255)	(218)	(21)	(239)
Personnel expenses	(1,641)	(171)	(1,811)	(1,579)	(162)	(1,742)
Commissions	(637)	(398)	(1,035)	(609)	(390)	(999)
Allocations to amortisation, depreciation, and reserves (net of write-backs)	(132)	(23)	(156)	(155)	(24)	(180)
Other expenses	(94)	(56)	(149)	(99)	(61)	(160)
Total operating expenses by nature	**(3,443)**	**(764)**	**(4,208)**	**(3,339)**	**(751)**	**(4,091)**

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 2015, the CICE amounted to €29 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	31.12.2015			31.12.2014		
	Insurance	Banking	Total	Insurance	Banking	Total
External expenses	(748)	(55)	(802)	(718)	(53)	(772)
Taxes	(248)	(7)	(255)	(231)	(8)	(239)
Personnel expenses	(1,704)	(107)	(1,811)	(1,636)	(106)	(1,742)
Commissions	(1,035)		(1,035)	(999)		(999)
Allocations to amortisation, depreciation, and reserves (net of write-backs)	(151)	(5)	(156)	(175)	(5)	(180)
Other expenses	(127)	(22)	(149)	(136)	(24)	(160)
Total operating expenses by nature	**(4,013)**	**(195)**	**(4,208)**	**(3,895)**	**(196)**	**(4,091)**

NOTE 37.3 – BREAKDOWN OF EMPLOYEE EXPENSES

In millions of euros	31.12.2015	31.12.2014
Salaries	(1,027)	(997)
Social security expenses	(452)	(433)
Post-employment benefits		
Defined contribution plans	(109)	(111)
Defined benefit plans	(11)	(11)
Anniversary days and employee awards	(6)	(6)
Other personnel benefits	(205)	(184)
Annual salary expenses	**(1,811)**	**(1,742)**

At 31 December 2015, the gross annual remuneration (including profit-sharing and benefits in kind) paid to members of the Groupama SA Steering Committee was €6 million. As regards the pension plan, the total commitment at 31 December 2015 amounted to €16.8 million.

NOTE 38 – POLICY ACQUISITION COSTS

NOTE 38.1 – POLICY ACQUISITION COSTS – BY OPERATING SEGMENT

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Commissions	(349)	(324)	(672)	(335)	(316)	(651)
Change in deferred acquisition costs	(10)		(10)	(17)	6	(11)
Other expenses	(1,047)	(98)	(1,144)	(1,029)	(101)	(1,129)
Total	**(1,405)**	**(421)**	**(1,826)**	**(1,380)**	**(411)**	**(1,791)**

NOTE 38.2 – POLICY ACQUISITION COSTS BY BUSINESS

NOTE 38.2.1 – POLICY ACQUISITION COSTS BY BUSINESS – FRANCE

In millions of euros	31.12.2015			31.12.2014		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(285)	(64)	(349)	(271)	(64)	(335)
Change in deferred acquisition costs	3	(14)	(10)	3	(19)	(17)
Other expenses	(599)	(447)	(1,047)	(588)	(441)	(1,029)
Total	**(880)**	**(525)**	**(1,405)**	**(856)**	**(525)**	**(1,380)**

NOTE 38.2.2 – POLICY ACQUISITION COSTS BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2015			31.12.2014		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(248)	(75)	(324)	(245)	(70)	(316)
Change in deferred acquisition costs	(1)	1	0	2	3	6
Other expenses	(70)	(28)	(98)	(75)	(26)	(101)
Total	**(319)**	**(102)**	**(421)**	**(318)**	**(93)**	**(411)**

NOTE 39 – ADMINISTRATIVE COSTS

NOTE 39.1 – ADMINISTRATIVE COSTS – BY OPERATING SEGMENT

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Commissions	(68)	(41)	(109)	(66)	(41)	(107)
Other expenses	(269)	(123)	(392)	(258)	(120)	(378)
Total	**(337)**	**(164)**	**(501)**	**(324)**	**(161)**	**(485)**

NOTE 39.2 – ADMINISTRATIVE COSTS BY BUSINESS

NOTE 39.2.1 – ADMINISTRATIVE COSTS BY BUSINESS – FRANCE

In millions of euros	31.12.2015			31.12.2014		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(45)	(22)	(68)	(45)	(21)	(66)
Other expenses	(184)	(86)	(269)	(176)	(82)	(258)
Total	**(229)**	**(108)**	**(337)**	**(221)**	**(104)**	**(324)**

NOTE 39.2.2 – ADMINISTRATIVE COSTS BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2015			31.12.2014		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(28)	(14)	(41)	(28)	(14)	(41)
Other expenses	(80)	(42)	(123)	(78)	(42)	(120)
Total	**(108)**	**(56)**	**(164)**	**(106)**	**(55)**	**(161)**

NOTE 40 – OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Commissions and other operating expenses, Life	(343)	(11)	(353)	(334)	(10)	(345)
Employee profit sharing, Life	(1)		(1)	(3)		(3)
Other operating income, Life	14	8	22	2	8	10
Transfer of operating expenses and capitalised production, Life	13		13	12		12
Total income and expenses from current operations, Life	**(317)**	**(2)**	**(319)**	**(323)**	**(2)**	**(325)**
Non-life commissions and other underwriting expenses	(361)	(92)	(454)	(352)	(85)	(437)
Employee profit sharing, Non-life	(3)		(3)	(12)		(12)
Other non-life underwriting income	49	43	92	51	36	87
Transfer of Non-life operating expenses and capitalised production	37		37	31		31
Total income and expenses from current operations, Non-life	**(279)**	**(50)**	**(329)**	**(283)**	**(48)**	**(331)**
Other non-underwriting expenses	(224)	(21)	(245)	(193)	(22)	(215)
Other non-underwriting income	45	20	65	23	19	42
Total income and expenses from current operations, non-underwriting	**(179)**	**(1)**	**(180)**	**(171)**	**(2)**	**(173)**
Total income and expenses from current operations, Banking						
Total	**(775)**	**(53)**	**(828)**	**(777)**	**(53)**	**(830)**

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

In millions of euros	31.12.2015			31.12.2014		
	France	Inter-national	Total	France	Inter-national	Total
Income from non-current operations	33		34	60	3	63
Expenses from non-current operations	(98)	(24)	(122)	(101)	(26)	(127)
Total	**(64)**	**(24)**	**(88)**	**(41)**	**(23)**	**(64)**

The balance of other net income and expenses from non-current operations amounted to a loss of €88 million as at 31 December 2015 compared with a loss of €64 million at 31 December 2014.

The main items comprising this total include:

- amortisation of securities in portfolio totalling €16 million as at 31 December 2015;
- a reserve pertaining to the 2015 tax audit for accepted adjustments of €13 million.

The French Prudential Control and Resolution Authority (ACPR) pronounced a €3 million penalty against Groupama Gan Vie at the end of June 2015 for its declining insurance policy management.

NOTE 42 – FINANCING EXPENSES

In millions of euros	31.12.2015	31.12.2014
Interest expenses on loans and debts	(64)	(84)
Interest income and expenses – Other		
Total financing expenses	**(64)**	**(84)**

Financing expenses amounted to €64 million versus €84 million as at 31 December 2014.

At 31 December 2015, financing expenses decreased by €20 million primarily because of the exchange of subordinated debt in 2014, the redemption in July 2015 of the balance of the subordinated debt issued in 2005, as well as the repayment at the end of 2014 of the credit facility and the non-use in 2015 of the €750 million credit line put in place in December 2014.

NOTE 43 – BREAKDOWN OF TAX EXPENSES

NOTE 43.1 – BREAKDOWN OF TAX EXPENSES BY OPERATING SEGMENT

In millions of euros	31.12.2015			31.12.2014		
	France	International	Total	France	International	Total
Current taxes	(109)	(27)	(136)	(79)	(58)	(137)
Deferred taxes	72	(13)	58	3	35	38
Total	**(37)**	**(40)**	**(77)**	**(75)**	**(23)**	**(98)**

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	31.12.2015	31.12.2014
Theoretical tax expense	**(153)**	**(123)**
Impact of expenses or income defined as non-deductible or non-taxable	(46)	21
Impact of differences in tax rate	122	4
Tax credit and various charges	1	1
Charges of prior deficits		
Losses for the fiscal year not capitalised		
Deferred tax assets not accounted for	(1)	(1)
Other differences		
Effective tax expense	**(77)**	**(98)**

Overall, income tax corresponded to an expense (deferred tax plus corporate tax) of €77 million at 31 December 2015, versus an expense of €98 million at 31 December 2014.

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 exemption for disposals on strategic securities.

The increase in the current tax expense due for the tax consolidation scope of €72 million as at 31 December 2015 versus an expense of €51 million as at 31 December 2014 is explained by:

- A €19 million increase in long-term tax at 33.33% on current operations;
- A €1 million increase in long-term tax at 0% on operations relating to divestments and reserves on equity securities.

The reconciliation with the theoretical statutory tax is as follows:

In millions of euros	31.12.2015		31.12.2014	
	Consolidated profit (loss) before taxes	Theoretical tax rate	Consolidated profit (loss) before taxes	Theoretical tax rate
France	429	34.43%	269	34.43%
Bulgaria	(1)	10.00%		10.00%
China	2	25.00%	(12)	25.00%
Greece	12	29.00%	12	26.00%
Hungary	18	19.00%	19	19.00%
Italy	58	34.32%	48	34.32%
Portugal	2	22.50%	1	24.50%
Romania	5	16.00%	3	16.00%
United Kingdom	9	20.25%	5	21.50%
Tunisia	9	30.00%	3	30.00%
Turkey	(98)	20.00%	8	20.00%
Total	**446**		**356**	

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 until 30 December 2016 for companies that have revenue exceeding €250 million.

The theoretical tax rates remained stable over the period, with the exception of British, Greek, and Portuguese rates.

OTHER INFORMATION

NOTE 44 – EMPLOYEES OF CONSOLIDATED COMPANIES

In number of people	31.12.2015			31.12.2014
	Insurance	Banking	Total	Total
France	24,014	898	24,912	24,967
United Kingdom	359		359	299
Italy	830		830	839
Hungary	2,183		2,183	2,292
Greece	319		319	319
Romania	1,548		1,548	1,641
Other EU	276		276	265
Outside EU	542		542	585
Total employees of consolidated companies	**30,071**	**898**	**30,969**	**31,207**

NOTE 45 – COMMITMENTS GIVEN AND RECEIVED

NOTE 45.1 – COMMITMENTS GIVEN AND RECEIVED – BANKING BUSINESS

In millions of euros	31.12.2015	31.12.2014
Financing commitments received		
Guarantee commitments received	626	554
Securities commitments receivable		
Total commitments received on banking business	**626**	**554**
Commitments received on currency transactions		
Other commitments received		
Total other commitments received on banking business		
Financing commitments given	570	481
Guarantee commitments given	17	20
Commitments on securities to be delivered		
Total commitments given on banking business	**587**	**501**
Commitments given on currency transactions		
Commitments given on financial instrument transactions	17	4
Total other commitments given on banking business	**17**	**4**
Other commitments given	1,446	916
Total other commitments given	**1,446**	**916**

Off-balance sheet commitments received on banking business amounted to €626 million.

Commitments given totalled €587 million and specifically concerned client commitments.

Other commitments were given for €1,446 million, including €1,338 million representing the amount of eligible securities used as collateral for a possible drawdown of assets, as part of the refinancing with the ECB and €108 million with Banque de France. This amount was €917 million as at 31 December 2014.

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

In millions of euros	31.12.2015	31.12.2014
Endorsements, securities, and guarantees received	81	90
Other commitments received	869	785
Total commitments received, excluding reinsurance	**950**	**875**
Commitments received for reinsurance	**449**	**453**
Endorsements, securities, and guarantees given	333	332
Other commitments on securities, assets, or income	496	497
Other commitments given	907	64
Total commitments given excluding reinsurance	**1,736**	**893**
Reinsurance commitments given	**3,434**	**3,328**
Securities belonging to protection insurance institutions		
Other securities held on behalf of third parties		

Endorsements, securities, and guarantees received totalled €81 million.

Other commitments received excluding reinsurance for €869 million are mainly made up of the following items:

- ✓ The line of credit established in December 2014 for €750 million and not used as at 31 December 2015.
- ✓ Securities received as collateral under the collateralisation mechanism put in place to guarantee the unrealised gains on derivatives are also recorded in off-balance-sheet commitments. This is reflected in the accounts by €24 million in securities received as collateral.
- ✓ Promises of sales of buildings by lot of the subsidiary Groupama Gan Vie for €62 million.
- ✓ Groupama is the market's first insurer to launch mutual insurance certificates. They thus strengthen its equity while supporting the development of the regions. Groupama Rhône-Alpes-Auvergne, the first regional mutual to issue mutual insurance certificates, had €10 million in subscription promises as at 31 December 2015.

Endorsements, securities, and guarantees given totalled €333 million, consisting largely of the following major transactions:

- Guarantee given as part of the sale of Groupama Insurance for €158 million;
- Guarantee given as part of the sale of Gan Eurocourtage for €40 million;
- Guarantee given as part of the sale of Groupama Seguros for €81 million.

Other commitments on securities, assets, or income

Other commitments on securities, assets, or income consist of subscriptions to venture capital funds ("FCPR"). The remaining €496 million corresponds to the difference between the investment commitment of the subscribers and the total of calls for funds actually received.

Other commitments given

Other commitments given amounted to €907 million. They mostly consist of the following elements:

- ✓ Securities provided as collateral under the collateralisation mechanism put in place to guarantee the unrealised losses on derivatives recognised in other off-balance sheet commitments for €712 million.
- ✓ Commitments on promises of sales mainly by the subsidiary Groupama Gan Vie for nearly €72 million.
- ✓ As part of the launch of mutual insurance certificates by Groupama Rhône-Alpes-Auvergne, the general meeting of the regional mutual of 10 November 2015 voted to authorise a €73 million issue. At 31 December 2015, €70 million of the authorised issue remained to be issued by the mutual.

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%.

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 internal control are defined in the group's internal control policy. An internal audit policy, a component of internal control, supplements the provisions of the internal control policy and specifies its own operating rules and its areas of involvement. A general risk management policy and policies dedicated to covering all the risks to which the Group is exposed as well as a compliance policy, defining the overall framework for implementation and operation of the compliance system within the Group, complete the system. All these policies are approved by the Groupama SA Board of Directors.

The group risk management policy is the basis for risk management at both the group level and the entity level. It defines all the structuring principles of the risk management system within Groupama, in terms of risk identification, measurement, and management methods and in organisational terms.
The Group's entities formalise their risk management policy and the various risk policies, in line with the Group's policies and depending on their risk profile and their organisation. The service (or resource), distribution, and financial subsidiaries put in place a risk management system in accordance with the rules applicable to their activities and consistent with the framework established by the Group.

The implementation of a consistent risk management system within the Group is ensured by:
-the definition of standards and a structuring framework for analysis and control of risks;
-support from the entities in the implementation of this risk management system;
-downstream checks of compliance with the Group standards and the effectiveness of the risk management system implemented within the entities.

The efforts made in 2015, particularly in preparation for Solvency 2, 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.

Risks are identified according to the Group classifications defined by risk area – operational, life insurance, non-life insurance, and financial – common to all Group entities and incorporating the Solvency 2 risk classification. Each major risk (Group and entity) is assigned a risk "owner" responsible for monitoring and controlling the risk in accordance with the standards defined by the Group. The risk owners establish risk control plans, which are implemented within the Group's entities.

At the Group level, risks related to the insurance business lines are monitored especially by the Groupama SA and Groupama Gan Vie business departments specialising in the area in question; reinsurance risks are managed by the Reinsurance Department. The Finance Department is responsible for managing the risks related to assets and Asset/Liability Management. Operational risks are monitored by the Groupama SA business departments, support departments, or subsidiary of Groupama SA 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 committees are responsible for risk governance at the Group level:

- the Group Risk Committee, whose membership is the same as that of the Groupama SA steering committee;
- 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, Investments, etc.) France Subsidiaries/International Subsidiaries department, and banking and Asset Management subsidiaries;
- and the capital management committee, which particularly monitors the Group's solvency risk.

Similar systems are in place at the entity level.

1.1 Regional mutuals

As autonomous legal entities, the regional mutuals implement their own internal control measures and manage their risks in compliance with the Group's standards. These systems are adapted to each regional mutual based on its organisation, its activities and its resources, under the authority of the Executive Management. Regarding organisation and governance, the roles and responsibilities of the administration and executive management bodies, key functions, and operational or support departments involved in risk management are specified in the risk policies. 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.

The regional mutuals are reinsured within the specific framework of an exclusive reinsurance agreement entered into between them and Groupama SA (general reinsurance regulations). The general reinsurance regulations of the regional mutuals are one of the risk control systems. The principles and rules of reinsurance are formalised in the reinsurance policies of the Group and entities.

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;
  - Group Insurance and Services Department for the Non-Life insurance subsidiaries, the French service subsidiaries, Groupama Banque, and Groupama Supports & Services;
  - Groupama Gan Vie's Executive Management for the life insurance subsidiary and the distribution subsidiaries Gan Patrimoine and Gan Prévoyance;
  - 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 Groupama SA Board of Directors, with the assistance of the audit and risk management committee, nearly half of whose members are independent directors, is responsible for the validation and monitoring of the risk management strategy, its implementation and future directions, the validation of risk policies, the review of the consistency of internal control mechanisms, the monitoring of risks, and the review of the internal audit work and the annual report on internal control.
Lastly, the Board of Directors, particularly through the Groupama SA audit and risk management committee, is included in the various tasks to prepare the group for the application on 1 January 2016 of the Solvency 2 directive, including work relating to ORSA particularly with the validation of stress scenario assumptions.

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 are responsible for ensuring that all Group entities comply with the requirements of Executive Management in terms of the internal control and risk management system, as well as those of Solvency 2, Pillar 2.
With regard to risk management, the Group Risk Department is especially involved in areas related to financial risks, insurance risks, and risks related to the Group's solvency. The Permanent Control and Compliance Department is especially involved in the scope relating to the management of compliance, operational, and image risks. Within this framework, these departments, according to their area of responsibility:

- Assist the administrative and Executive Management bodies in defining:
    - the risk strategy;
    - the structuring principles of the risk management system.
- Are responsible for the implementation and coordination of the risk management system, consisting particularly of the risk management policies and the processes for identifying, measuring, managing, and reporting the risks inherent in the Group's activities.
- Monitor and analyse the Group's general risk profile.
- Report on exposures to risk and alert the administration and Executive Management bodies in case of major risks threatening the Group's solvency.
- Lead the risk committees.
- Lead the working groups with the entities.

More specifically, the Group risk department, as regards the risk management function, is responsible for:

- developing the Group risk management policy and the coordinating policies relating to insurance and financial risks together with the risk owners concerned;
- defining 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 the major group insurance and financial risks (RMG);
- contributing to prudential reports: EIOPA requests, IAIS requests (systematic risks), etc.;
- assessing and rating insurance and financial risks, including sensitivity analyses and stress tests;
- supporting the Group's entities in adapting the risk management system.

More specifically, the Group Permanent Control and Compliance Department, as regards the permanent control/compliance function, is responsible for:

- developing the Group's internal control, operational risk management, and compliance policies;
- developing the Group's standards and reference sources (mapping of processes, operational risks, permanent control plans, reference source of permanent controls) and overseeing the system within the entities;
- monitoring and assessing operational risks (related to control of processes);
- acting as project owner of the EU tool for management of operating risks, OROp, managing in particular the collection of permanent control results, the incident collection database and the assessment of operational risks;
- establishing internal control of the Groupama SA entity;
- defining the business continuity policy (BCP) and overseeing the system within the entities;
- defining and establishing the compliance policy;
- ensuring data quality, in terms of governance and control plan;
- ensuring the internal validation of the internal model;
- supporting the Group's entity in adapting the operational risk management, permanent control, and compliance systems (steering, coordination, facilitation, information, and training);
- reporting on the status of the Group's Internal Control system, for the purposes of communication to the governance bodies as well as the appropriate supervisory authorities by the Director of the Group's Audit, Risks, and Control Department. 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.

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 earnings. The insurance divisions of Groupama SA ensure that the product line is adapted to the Group's strategy. Life and non-life insurance products are designed by the business units of Groupama SA and Groupama Gan Vie on behalf of the Group's companies. This design is the result of market and profitability studies performed with actuarial tools to control margins in collaboration with the actuarial department of the Group and the Investment department where appropriate. Product launches or changes are carried out on the basis of a standard process incorporating the validation of the deliverables for customers and salespeople by the Group's Legal, Risk, and Compliance Departments and are adapted by division (regional mutuals, subsidiaries in France, 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

The underwriting risk management and claim management principles are formalised in the Group Underwriting and Reserving policy approved by the Groupama SA Board of Directors. In particular, it specifies the underwriting rules, limits of cover, and exclusions in accordance with the reassurance agreements by area of insurance.

Delegations 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 “technical interest rate”. In France, the terms of this rate are set by the Insurance Code, which determines a maximum level by reference to the average rate for government borrowings (the T.M.E.), which is used to set rates for policies and calculate the insurer’s commitments to policyholders. The terms and conditions vary based on the type of policy and the duration of the commitments.

The reserving standards as well as the principles of measuring and controlling reserving risk are specified in the Group underwriting and reserving policies.

The breakdown of underwriting reserves and life and non-life insurance policies is presented in Note 25.3 to 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	31.12.2015			31.12.2014
	France	International	Total	Total
Commitments guaranteed at fixed rate	38,295	2,911	41,206	43,075
Commitments guaranteed at variable rate	8,032	23	8,055	7,906
Unit-linked and other products without rate commitment	7,921	818	8,739	6,786
Total	**54,248**	**3,752**	**58,000**	**57,767**

The proportion of variable-rate commitments remained relatively stable. The share of unit-linked and other products without rate commitment increased, representing 15.1% 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.

The reinsurance principles and arrangements are described in the group reinsurance policy.

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 issue of a "cat bond" on the high tranche of the force-of-nature protections. However, as an issuer of policies covered by reinsurance policies, Groupama remains committed to all its reinsured risks. Reinsurance policies therefore do not relieve Groupama of the obligation to settle claims. The Group remains subject to risks related to the credit situation of reinsurers and its ability to obtain the payments due from them. Moreover, the reinsurance offering, the amounts that may be covered, and the cost of coverage depend upon market conditions and are likely to vary significantly.

Other factors in risk growth may be mentioned:
- Ageing of the population (health, long-term care),
- Increased pollution,
- Strengthened legal structure (liability – compensation for bodily injury, etc.).

2.3.1.2 Specific features of certain life insurance policies and financial contracts

➢ **Discretionary profit-sharing clause**

Certain life insurance, savings and retirement products offered by the Group contain a discretionary profit-sharing clause. This profit-sharing must at least correspond to the regulatory and/or contractual constraints. Commercial considerations may lead to an increase in this profit-sharing. This increase, the amount of which is left to the insurer's discretion, allows policyholders to participate in financial management results and the underwriting results of the insurance company.

➢ **Early redemption 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 is as follows:

In millions of euros	31.12.2015			31.12.2014
	France	International	Total	Total
Actuarial reserves for life annuities	9,816	13	9,828	9,755
Actuarial reserves for non-life annuities	2,440	23	2,463	2,298
Total	**12,256**	**36**	**12,291**	**12,053**

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

The general system for managing risks relating to asset/liability management and investment operations is specified in the Group asset/liability management and investment risk policy approved by the Groupama SA board of directors.

There are several categories of major 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 policyholder's satisfaction and the insurer's risk using strategies that take into account the various reserves available (including cash) and bond management strategies coupled with hedging products.

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

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

- **Rate hedges**

- Risk of rate increase

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

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

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

3.1.3 Sensitivity to interest rate risk analysis

Pursuant to IFRS 7, an analysis of accounting sensitivity was carried out at 31 December 2015 with a comparative period.
This analysis applies to year-end balance-sheet postings that show accounting sensitivity to interest rate risk (technical non-life and life liabilities, bond investments, financial debt in the form of bonds). It is not similar to analyses applying to embedded-value-type prospective data.

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

3.1.3.1 Sensitivity of technical insurance 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 2015, the amount of the discount in the actuarial reserves for non-life annuities, before reinsurance, was €361 million. The amount of the discount in the reserve for increasing risks on long-term care, before reinsurance, was in the order of €415 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	31.12.2015		31.12.2014	
	Interest rate		Interest rate	
	+ 1%	- 1%	+ 1%	- 1%
Impact on profit or loss (net of taxes)	80	(68)	70	(59)
Equity impact (excluding profit or loss)				

➢ **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 1.50% 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	31.12.2015		31.12.2014	
	Interest rate		Interest rate	
	+ 1%	- 1%	+ 1%	- 1%
Impact on profit or loss (net of taxes)	98	(51)	125	(54)
Equity impact (excluding profit or loss)				

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 2015, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 71.20% to 89.23%.

In millions of euros	31.12.2015		31.12.2014	
	Interest Rate Risk		Interest Rate Risk	
	+ 1%	- 1%	+ 1%	- 1%
Impact on the revaluation reserve	**(641)**	**708**	**(640)**	**700**
Equities				
Equity mutual fund				
Bonds	(597)	661	(593)	650
Fixed-income mutual funds	(44)	47	(47)	50
Derivative instruments and embedded derivatives				
Impact on net income	**2**	**(2)**	**(5)**	**3**
Equities				
Equity mutual fund				
Bonds	(6)	6	(8)	9
Fixed-income mutual funds	(15)	15	(11)	11
Derivative instruments and embedded derivatives	23	(23)	14	(17)

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 issue 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 5.6% 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 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 2015, the Group's equity risk continued to be actively managed mainly through:

- the divestment of listed equity securities of Véolia for €491 million and Mediobanca for €333 million;
- the opportunistic divestment of equity mutual funds and protected equities for more than €180 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 2015, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 71.20% to 89.23%.

In millions of euros	31.12.2015		31.12.2014	
	Equities risk		Equities risk	
	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	**123**	**(123)**	**132**	**(132)**
Equities	50	(50)	58	(58)
Equity mutual fund	73	(73)	74	(74)
Bonds				
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**27**	**(27)**	**26**	**(26)**
Equities				
Equity mutual fund	27	(27)	26	(26)
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, the yuan, 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 hedged mainly 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 2015, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 71.20% to 89.23%.

In millions of euros	31.12.2015		31.12.2014	
	Foreign exchange risk		Foreign exchange risk	
	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	**37**	**(37)**	**38**	**(38)**
Equities	12	(12)	9	(9)
Equity mutual fund	2	(2)	1	(1)
Bonds	23	(23)	28	(28)
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 €13,200 million as at 31 December 2015, representing 22% of the interest-bearing product portfolio.

➢ **Managing counterparty risk**

Internal procedures stipulate that any over-the-counter contract is systematically covered by guarantee contracts with the banking counterparties in question.

This systematic collateralisation of the hedging transactions significantly reduces the counterparty risk related to these over-the-counter transactions.

3.5 Summary of sensitivity to market risks analyses

The following table shows all the sensitivity to market risks analyses for fiscal years 2015 and 2014, broken down by shareholders' equity and income, excluding profit sharing and taxes.

In millions of euros	31.12.2015				31.12.2014			
	Up fluctuation in sensitivity criteria		Down fluctuation in sensitivity criteria		Up fluctuation in sensitivity criteria		Down fluctuation in sensitivity criteria	
	Shareholders' equity	Profit (Loss)	Shareholders' equity	Profit (Loss)	Shareholders' equity	Profit (Loss)	Shareholders' equity	Profit (Loss)
Interest rate risk	**(641)**	**180**	**708**	**(121)**	**(640)**	**190**	**700**	**(110)**
Underwriting liabilities		178		(119)		195		(113)
Financial investments	(641)	2	708	(2)	(640)	(5)	700	3
Financing debt								
Equities risk	**123**	**27**	**(123)**	**(27)**	**132**	**26**	**(132)**	**(26)**
Financial investments	123	27	(123)	(27)	132	26	(132)	(26)
Foreign exchange risk	**37**		**(37)**		**38**		**(38)**	
Financial investments	37		(37)		38		(38)	

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 2015, 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 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	31.12.2015				31.12.2014			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Non-life underwriting reserves	6,351	3,884	5,444	15,679	6,250	3,480	5,572	15,302
Life underwriting reserves - insurance policies excluding unit-linked items	2,781	6,762	23,726	33,269	3,449	7,522	22,156	33,127
Underwriting liabilities relating to financial contracts with discretionary profit sharing excluding unit-linked items	1,636	4,077	10,205	15,918	1,499	4,303	11,436	17,238
Underwriting liabilities relating to financial contracts without discretionary profit-sharing excluding unit-linked items	6			6	7			7
Reserve for deferred profit-sharing liability	4,920	6	54	4,980	4,839		53	4,892
Total underwriting insurance liabilities and liabilities for financial contracts	**15,695**	**14,729**	**39,429**	**69,852**	**16,046**	**15,304**	**39,217**	**70,567**

Most technical liabilities corresponding to financial contracts with and without discretionary profit sharing may be redeemed at any time. The table above provides an economic overview of the liquidation of technical insurance liabilities.

4.5 Financing debt by maturity

The principal features of financing debt, as well as its breakdown by maturity, are provided in Note 24 herein – Financing Debt.

5. RISK OF REINSURER INSOLVENCY

Outward reinsurance consists of transferring to the reinsurer a portion of the risks accepted by the ceding company. They are regularly reviewed to monitor and limit the credit risk on third-party reinsurers. The 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	31.12.2015						
	AAA	AA	A	BBB	< BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves	3	708	59	87	4	219	1,081
Share of reinsurers in life insurance reserves		6,971	1	1		36	7,008
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	2	47	2			211	261
Total	**5**	**7,726**	**62**	**89**	**4**	**466**	**8,351**

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	211
Total	**26**	**7,724**	**218**	**28**	**(2)**	**434**	**8,427**

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 risks are managed in accordance with the principles and rules defined in the Group and Groupama SA operational risk management 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 reference source of processes and Group classification of operational risks at every stage of the business line and functional processes, operational risks are identified, and associated permanent controls are formalised and standardised across the Group. These controls, being deployed in each entity, provide the basis for strengthening level 1 and level 2 controls;
- on the definition and assessment of Group major operational risks and adaptation as entity major risks, which function, as with insurance and financial risks, on the basis of a network of risk owners with management and coordination of the entire system by the Group's Risk and/or Permanent Control/Compliance departments;
- the Group business continuity policy; this policy serves as a reference for crisis management systems and Business Continuity Plans (BCP) being documented within the entities. The process is based on the BIA approach (Business Impact Analysis), which makes it possible to best calibrate the means necessary for the resumption of activity by identifying the critical business activities. Three BCPs have been identified:
  - an Unavailability of Human Resources BCP, which integrates the Pandemic BCP provides for business continuity in the event of a light pandemic (no modification of operations) or a severe pandemic (degraded operation);
  - an Unavailability of Real Estate BCP;
  - an Information Systems BCP which provides for business continuity despite a major incident affecting the IT system;

Moreover, an insurance programme is in place, designed to provide liability protection and the protection of the holdings of the regional mutuals, Groupama SA and its subsidiaries. The policies are distributed among internal insurers and external insurers for the most significant risks. The principal coverage is the following:

- employee insurance;
- third-party liability of corporate officers;
- professional third-party liability;
- operating third-party liability;
- property damage insurance (property, offices, equipment, car fleets, etc.).

6.2 Legal and regulatory risk

The legal and regulatory risks are managed as part of the Group system compliance, which is defined in the Group compliance policy 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, GEMA, 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, distribution 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 approval of distribution and partnership agreements in connection with insurance and other services;
- legal and tax advice (taxation applicable to products and advice in the area of wealth management solutions);
- 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 areas

Specific procedures have been set up to meet special requirements:

- ethical oversight designed to prevent insider trading. This responsibility is performed by a Group Ethics Officer with the assistance of a person outside the Group, who is responsible for the controls, and by an agent at Groupama SA;

- with regard to fighting money laundering and terrorist financing (AML/FT), the entities implement the legal obligations and professional recommendations in this area in their procedures. An AML/FT organisational chart defines the roles and responsibilities of the various participants and stakeholders at Group level and at the level of each operational entity concerned, describes the mechanism in place with respect to informing and training employees, determines the methods and conditions for exchanges of information required for the exercise of vigilance, and specifies the system to be applied for control and risk monitoring. The 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 entities (regional mutuals and subsidiaries) to implement these recommendations, in partnership with the medical advisers and in collaboration with the Group compliance function, the Group Data Protection Correspondent ("CIL"), and the Claims Division of the Insurance, Banking and Services Department.

- regarding customer protection, 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 (in accordance with Instruction no. 2012-I-07 of 13 December 2012 of the ACPR relating to fiscal year 2014 presented in 2015 and new Instruction no. 2015-I-22 of 2 October 2015 relating to fiscal year 2015 presented in 2016).

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, within a steering committee, it coordinates the establishment of automatic exchanges of tax information relating in particular to the US Foreign Account Tax Compliance Act ("FATCA"), the OECD's CRS (Common Reporting Standard), and the revision of the European DAC (Directive for Administrative Cooperation, a sort of European "FATCA").

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 Credit Risk, Market Risk, and Liquidity Risk teams and the Operating Risk and Controls department 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 and counterparty risk

Credit risk is defined as the risk incurred in the event of default of a counterparty or counterparties considered a single customer group. 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, subject to the decision of the Management Committee, and approved by the Board of Directors.

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 ensures that the limits defined by the Management Committee are respected and approved by the Board of Directors. 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 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.

7.4. 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 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 and 2015, subscribed to the TLTRO. 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 and the Liquidity Coverage Ratio are greater than the regulatory minimum.

7.5. Global interest rate risk

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 2015, this limit was never reached, and no hedge was put in place. At 31 December 2015, the sensitivity thus calculated was +€28.6 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 +/-€7.2 million over 12 months and €17.9 million over 24 months, for a conversion of the yield curve of +100 bp. This sensitivity amounted to +€2 million over 12 months and +€4.9 million over 24 months as at 31 December 2015. The limits were not reached during fiscal year 2015.

7.6. Operating risks

The operating risk management policy is based on the standard method defined in EU regulation 575/2013. It is based on:
- the identification of the risks inherent in each process of Groupama Banque;
- the regular assessment of their criticality (operational risk mapping);
- the collection of proven incidents.

The operational risk management system is based on two components:
- a department dedicated to the management of this risk;
- the definition of rules and procedures;
- the internal control system (permanent and periodic control);
- the bank's insurance policy;
- the emergency and business continuity plan.

This approach is complemented by a system of reporting and warnings and measures to improve existing control procedures.

- **Emergency and business continuity plan**

The Emergency and Business Continuity Plan (EBCP) is organised around several mechanisms, which includes:
- the extended unavailability of the bank's premises;
- the extended unavailability of the information system managed by Groupama Supports & Services (G2S) in Bourges;
- the extended unavailability of employees, or a large number of them, due to a flu pandemic, or a general transport strike, or a social movement within the bank;
- the failure of a service provider.

The EBCP undergoes regular updates and activation tests several times per year.

NOTE 47 – LIST OF ENTITIES IN THE SCOPE OF CONSOLIDATION AND MAJOR CHANGES TO THE SCOPE OF CONSOLIDATION

The main changes in the consolidation scope are as follows:

Newly consolidated entities

SCI UNI ANGES joined the scope of consolidation as well as four UCITS.

Eliminations from the scope of consolidation

Two real estate companies left the scope of consolidation as a result of their absorption.

Three mutual funds were removed from the consolidation scope.

Transfer of activity

None.

	Business sector	Country	31.12.2015			31.12.2014		
			% 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	99.96	99.96	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	99.96	FC	100.00	99.95	FC
GAN PATRIMOINE	Insurance	France	100.00	99.96	FC	100.00	99.95	FC
CAISSE FRATERNELLE D'EPARGNE	Insurance	France	100.00	99.96	FC	100.00	99.95	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.99	99.95	FC	99.99	99.94	FC
ASSUVIE	Insurance	France	50.00	49.98	FC	50.00	49.98	FC
GAN PREVOYANCE	Insurance	France	100.00	99.96	FC	100.00	99.95	FC
GROUPAMA ASSURANCE CREDIT	Insurance	France	100.00	99.96	FC	100.00	99.95	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	99.96	FC	100.00	99.95	FC
GAN ASSURANCES	Insurance	France	100.00	99.96	FC	100.00	99.95	FC
GAN OUTRE MER	Insurance	France	100.00	99.96	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	99.96	FC	100.00	99.95	FC
CEGID	Insurance	France	26.89	26.88	EM	26.89	26.88	EM
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	99.96	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	98.99	98.94	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	100.00	99.51	FC	100.00	99.51	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	99.96	FC	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	99.96	FC	100.00	99.95	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	99.96	FC	100.00	99.95	FC
GROUPAMA GARANCIA BIZTOSITO	Insurance	Hungary	100.00	99.96	FC	100.00	99.95	FC
GROUPAMA PHOENIX Hellenic Asphalistike	Insurance	Greece	100.00	99.96	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	United Kingdom	100.00	99.96	FC	100.00	99.95	FC
CAROLE NASH	Brokerage	United Kingdom	90.00	89.96	FC	90.00	89.96	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Business sector	Country	31.12.2015			31.12.2014		
			% control	% interest	Method	% control	% interest	Method
BOLLINGTON LIMITED	Brokerage	United Kingdom	49.00	48.98	EM	49.00	48.98	EM
MASTERCOVER Insurance Services Limited	Brokerage	United Kingdom	100.00	99.96	FC	100.00	99.95	FC
COMPUCAR LIMITED	Brokerage	United Kingdom	49.00	48.98	EM	49.00	48.98	EM
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	99.96	FC	100.00	99.95	FC
GROUPAMA SEGUROS Portugal	Insurance	Portugal	100.00	99.96	FC	100.00	99.95	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	99.96	FC	100.00	99.95	FC
GROUPAMA ASSET MANAGEMENT	Asset management	France	100.00	99.96	FC	100.00	99.95	FC
GROUPAMA BANQUE	Banking	France	100.00	99.96	FC	100.00	99.95	FC
GROUPAMA EPARGNE SALARIALE	Asset management	France	100.00	99.96	FC	100.00	99.95	FC
GROUPAMA IMMOBILIER	Asset management	France	100.00	99.95	FC	100.00	99.95	FC
HOLDCO	Property	France	24.93	24.92	EM	24.93	24.92	EM
ICADE	Property	France	51.94	12.94	EM	51.94	12.94	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	99.96	FC	100.00	99.95	FC
IXELLOR	Property	France	100.00	99.96	FC	100.00	99.95	FC
79 CHAMPS ELYSÉES	Property	France	100.00	99.96	FC	100.00	99.96	FC
RENNES VAUGIRARD	Property	France	100.00	99.96	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	98.87	FC
1 BIS FOCH	Property	France	100.00	98.87	FC	100.00	98.87	FC
SCI TOUR GAN	Property	France				100.00	98.87	FC
16 MESSINE	Property	France	100.00	98.87	FC	100.00	98.87	FC
40 RENE BOULANGER	Property	France	100.00	98.87	FC	100.00	98.87	FC
9 MALESHERBES	Property	France	100.00	98.87	FC	100.00	98.87	FC
97 VICTOR HUGO	Property	France	100.00	98.87	FC	100.00	98.87	FC
44 THEATRE	Property	France	100.00	98.87	FC	100.00	98.87	FC
SCI UNI ANGES	Property	France	100.00	99.96	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
GAN INVESTISSEMENT FONCIER	Property	France	100.00	99.96	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	99.96	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	99.96	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	99.96	FC	100.00	99.95	FC
3 ROSSINI (SCI)	Property	France	100.00	99.96	FC	100.00	99.95	FC
CHAMALIERES EUROPE (SCI)	Property	France	100.00	99.96	FC	100.00	99.95	FC
102 MALESHERBES (SCI)	Property	France	100.00	99.96	FC	100.00	99.95	FC
PARIS FALGUIERE (SCI)	Property	France	100.00	99.96	FC	100.00	99.95	FC
DOMAINE DE FARES	Property	France	50.00	49.99	EM	50.00	49.99	EM
12 VICTOIRE (SCI)	Property	France	100.00	99.96	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	99.96	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	99.99	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Business sector	Country	31.12.2015			31.12.2014		
			% control	% interest	Method	% control	% interest	Method
ASTORG STRUCTUR GAD D	Mutual fund	France	99.99	99.95	FC	99.99	99.94	FC
ASTORG CTT D	Mutual fund	France	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA AAEXA D	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
ASTORG EURO SPREAD D	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 6 FCP	Mutual fund	France				100.00	99.95	FC
WASHINGTON EURO NOURRI 13 FCP	Mutual fund	France				100.00	99.95	FC
WASHINGTON EURO NOURRI 14 FCP	Mutual fund	France	99.74	99.70	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
GROUPAMA CONVERTIBLES ID D	Mutual fund	France	99.67	99.63	FC	99.59	99.55	FC
GROUPAMA ENTREPRISES IC C	Mutual fund	France	24.53	24.52	EM	33.94	33.93	EM
GROUPAMA CREDIT EURO IC C	Mutual fund	France	82.86	82.83	FC	90.22	90.19	FC
GROUPAMA CREDIT EURO ID D	Mutual fund	France	59.08	59.06	FC	60.35	60.32	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 17 FCP	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual fund	France	99.88	99.83	FC	100.00	99.95	FC
GROUPAMA OBLIGATION MONDE I C	Mutual fund	France	86.81	86.77	FC	86.63	86.59	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual fund	France	99.64	99.60	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 22 FCP	Mutual fund	France	99.88	99.83	FC	99.88	99.83	FC
WASHINGTON EURO NOURRI 23 FCP	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 24 FCP	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
ASTORG STRUCTUR LIFE D	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
ASTORG TAUX VARIABLE D	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
PROFIL GAGNANT C	Mutual fund	France	21.28	21.27	EM			
GROUPAMA EONIA IC C	Mutual fund	France	27.15	27.14	EM	42.95	42.93	EM
GROUPAMA FP DETTE EMERGENTE G D	Mutual fund	France	91.85	91.80	FC	92.04	92.00	FC
ASTORG PENSION D	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
ASTORG CASH MT D	Mutual fund	France	99.32	99.27	FC	99.54	99.49	FC
ASTORG CASH G D	Mutual fund	France				98.74	98.69	FC
GROUPAMA CREDIT EURO GD 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	99.96	FC	100.00	99.95	FC
ASTORG THESSALONIQUE 1 D	Mutual fund	France	99.32	99.28	FC	100.00	99.96	FC
ASTORG THESSALONIQUE 2 D	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
ASTORG THESSALONIQUE 3 D	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
ASTORG THESSALONIQUE 4 D	Mutual fund	France	99.78	99.74	FC	100.00	99.95	FC
ASTORG THESSALONIQUE 5 D	Mutual fund	France	99.56	99.52	FC	100.00	99.95	FC
ASTORG MONETAIRE C	Mutual fund	France	98.29	98.25	FC	99.16	99.11	FC
ASTORG DIV MONDE D	Mutual fund	France	100.00	99.96	FC	100.00	99.95	FC
GROUPAMA CASH EQUIVALENT G D	Mutual fund	France	100.00	99.96	FC			
ASTORG REPO INVEST D	Mutual fund	France	100.00	99.96	FC			
G FUND - EUROPEAN CONVERTIBLE BONDS GD D	Mutual fund	France	100.00	99.96	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 “property investments” and reclassifying on the income statement the dividends or share in the results of the companies in “income from property”.

STATUTORY AUDITORS' REPORT
ON THE COMBINED FINANCIAL STATEMENTS OF GROUPAMA
FISCAL YEAR 2015

PRICEWATERHOUSECOOPERS AUDIT
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

MAZARS
61, rue Henri Régnault
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92400 Courbevoie

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 2015

To the shareholders,
GROUPAMA SA
8-10, rue d'Astorg
75008 Paris, France

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2015, on:

- the audit of the accompanying combined financial statements of GROUPAMA SA;
- the justification of our assessments;
- the specific verifications required by law.

These combined financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the combined financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the combined financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the combined financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group and of the results of its operations in accordance with International Financial Reporting Standards as adopted by the European Union.

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 underwriting reserves, deferred profit sharing, deferred acquisition costs and values in force. The methods used to determine these items are described in sections 3.12 and 3.1.2 of the accounting principles and methods, as well as in notes 25, 26, 14, 13 and 3 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 consolidated financial statements contained appropriate disclosures.

- Financial assets and derivative instruments are recognised and valued in accordance with the methods described in sections 3.2.1 and 3.3 of the accounting principles and methods and in Notes 6 and 8 of the Notes to the 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.

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, 18 March 2016

The Statutory Auditors

PricewaterhouseCoopers Audit MAZARS

Eric Dupont Jean-Claude Pauly Nicolas Dusson