REGISTRATION DOCUMENT 2015 GROUPAMA SA

Including the annual financial report

Groupama
GROUP

INSURING TOMORROW WITH CONFIDENCE

CONTENTS

2015

GROUPAMA SA

REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This Registration Document was filed with the AMF on 28 April 2016, in compliance with Article 212-13 of its General Rules. It may be used in support of a financial transaction if it is supplemented by a transaction memorandum approved by the AMF. This document was prepared by the issuer and is binding on its signatories.

This Registration Document includes all aspects of the Annual Report mentioned under Section I of Article L.451-1-2 of the French Monetary and Finance Code as well as Article 222-3 of the General Rules of the AMF. A table of concordance for the documents mentioned in Article 222-3 of the General Rules of the AMF and the corresponding sections of this Registration Document is provided on page 374.

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

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

1

OVERVIEW OF THE GROUP

1.1 HISTORY OF THE COMPANY

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

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

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

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

In 1972, they started a life insurance business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

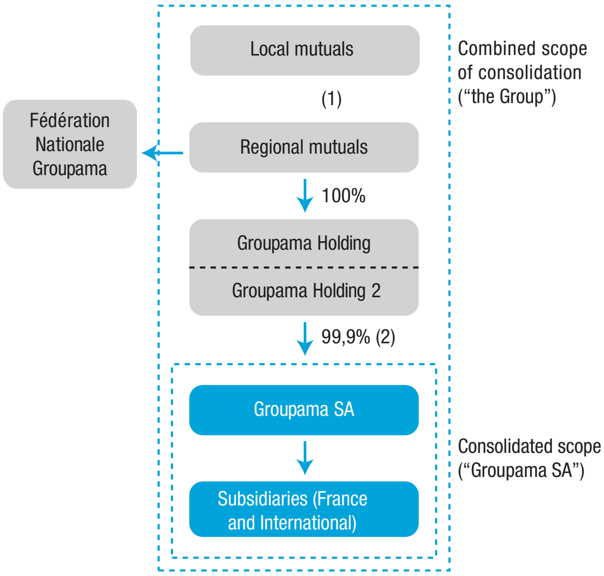
In 2013, the Group finalised the adjustment of its scope with the disposal of 100% of the capital of Groupama Private Equity in January and the disposal of its 51% stake in the British brokerage firm Bollington in March. In April, Groupama reinforced its partnership with the Chinese Group AVIC to support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

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

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

In December 2015, Groupama was the first mutual insurer to launch the mutual insurance certificates authorised by Social and Solidarity Economy law of July 2014. The regional mutuals thus have the necessary financial resources to invest in the territories and develop a new long-term quality relationship with their members based on trust.

1.2 ORGANISATION OF THE GROUP AND GROUPAMA SA



(1) Since regional and local mutuals are mutual insurance companies, companies without share capital, there is no capital relationship between them. local mutuals are members of a regional mutual from which they get reinsurance.
(2) 90.96%-owned by Groupama Holding and 8.99% by Groupama Holding 2 as at 31 December 2015.

1.2.1 GENERAL ORGANISATION

The Group has a governance method which empowers everyone involved within the organisation. Members elect their representatives at local level (42,000 elected), and they in turn elect their representatives at regional and national levels. The Board members, who are all policyholders of the mutual insurance company, control all the Boards of Directors of the entities within the mutual insurance Group. They select the Managers, who handle operating activities. The elected representatives thus participate in all of the Group's decision-making bodies, whether local (3,200) or regional mutuals (9 regional mutuals in Metropolitan France, 2 overseas mutuals and 2 specialist mutuals) or national bodies, through the federations and the Boards of Directors of Groupama SA and its subsidiaries.

There are therefore two scopes within Groupama:

- the combined scope, which includes all the entities of the Group and all of the activities of the regional mutuals;
- the consolidated scope, in which Groupama SA is the parent holding company. Its business lines include, in addition to the activities of the subsidiaries, approximately 35% of the activities of the regional mutuals, which is captured by the Internal Reinsurance mechanism.

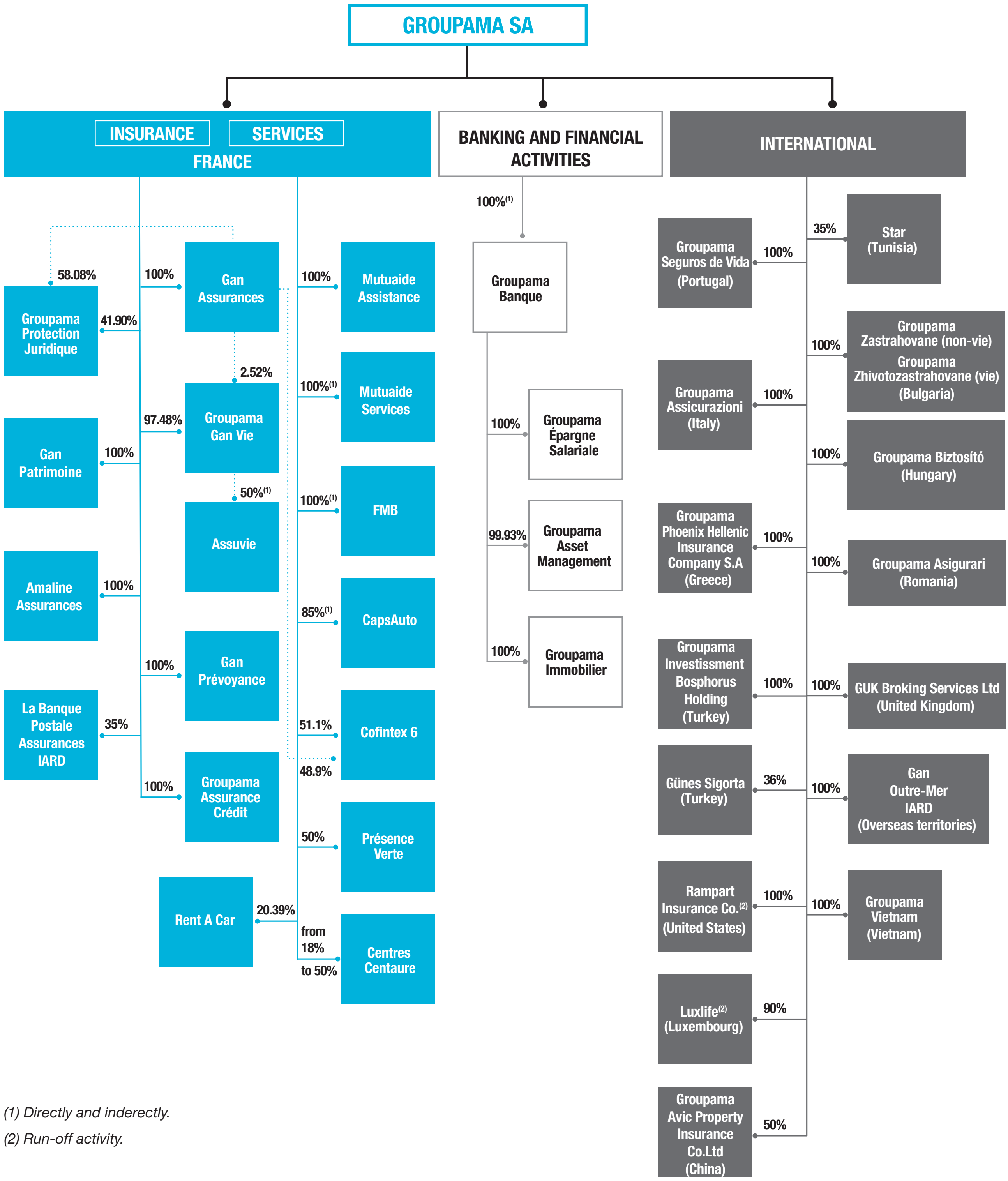
Since 2003, Groupama has had three central structures:

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

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

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

1.2.2 GROUPAMA SA



(1) Directly and inderectly.

(2) Run-off activity.

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

As at 31 December 2015, the breakdown of share capital and voting rights (including double voting rights) is the following:

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

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

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

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

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

1.2.3 TIES BETWEEN THE VARIOUS ENTITIES OF THE GROUP

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

In the Mutual Insurance Division, they are governed:

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

1.3 KEY FIGURES

1.3.1 GROUPAMA SA CONSOLIDATED SCOPE

The following table shows financial disclosures and ratios from the Groupama SA consolidated accounts for the fiscal years ending 31 December 2013, 2014 and 2015. In accordance with EC Regulation no 606/2002 of 19 July 2002 on the application of international financial reporting standards, the Groupama SA consolidated accounts have been prepared in accordance with the IFRS as adopted by the European Union.

(in millions of euros)	2015	2014	2013 [5]
Premium income [1]	**10,292**	**10,203**	**10,423**
of which Insurance - France	7,239	7,133	7,508
of which Insurance – international	2,770	2,788	2,646
of which Financial and banking businesses	282	282	268
Non-life combined ratio [2]	**102.5%**	**102.0%**	**102.4%**
Economic operating income [3]	**(27)**	**(60)**	**(75)**
Net income, Group share	**133**	**15**	**135**
Structure and financial strength			
Equity, Group share	4,811	4,883	3,816
Total balance sheet	99,345	98,777	91,397
Debt to equity ratio [4]	16.4%	17.9%	42.2%

(1) Insurance premiums written and income from financial businesses.

(2) See glossary in this registration document (page 373).

(3) Economic operating income equals net income adjusted for realised capital gains and losses, increases and write-backs to long-term impairment provisions and unrealised capital gains and losses on financial assets recognised at fair value (all such items are net of profit sharing and tax). Also adjusted are non-recurring items net of tax, impairment of value of business in force and impairment of goodwill (net of tax).

(4) Debt excluding cash of holdings, as a share of book value of capital excluding re-evaluation reserve (including subordinated liabilities and minority interests).

(5) In 2013, disposal of Groupama Private Equity.

1.3.2 GROUPAMA COMBINED SCOPE

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

(in millions of euros)	2015	2014	2013
Premium income (1)	**13,745**	**13,634**	**13,669**
of which Insurance – France	10,695	10,567	10,757
of which Insurance – international	2,770	2,788	2,646
of which Financial and banking businesses	280	279	266
Non-life combined ratio (2)	**99.2%**	**99.0%**	**100.8%**
Economic operating income (3)	**163**	**129**	**16**
Net income, Group share	**368**	**257**	**283**
Structure and financial strength			
Equity, Group share	8,219	8,062	6,654
Total balance sheet	107,295	106,439	98,559
Debt to equity ratio (4)	10.2%	11.6%	27.8%
Solvency I margin (5)	**255%**	**253%**	**200%**
Solvency II margin (6)	**263%**	**not specified**	**not specified**
Rating			
Fitch Ratings	BBB+	BBB	BBB-

(1) Insurance premiums written and income from financial businesses.
(2) See glossary in this registration document (page 373).
(3) Economic operating income equals net income adjusted for realised capital gains and losses, increases and write-backs to long-term impairment provisions and unrealised capital gains and losses on financial assets recognised at fair value (all such items are net of profit sharing and tax). Also adjusted are non-recurring items net of tax, impairment of value of business in force and impairment of goodwill (net of tax).
(4) Debt excluding cash of holdings, as a share of book value of capital excluding re-evaluation reserve (including subordinated liabilities and minority interests).
(5) Pursuant to European Directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined Group.
(6) Provisional data. Solvency margin calculation reference source starting 1 January 2016.Ratio calculated at the Group level, in accordance with the regulatory provisions.

On 29 May 2015, Fitch Ratings upgraded the insurer financial strength rating of Groupama SA and its subsidiaries from "BBB" to "BBB+" and assigned a "stable" outlook to this rating. The agency also upgraded the rating for subordinated debt issued by Groupama SA from "BB" to "BB+".

1.3.3 CONSOLIDATED SCOPE/COMBINED SCOPE DATA RECONCILIATION

Premium income

(in millions of euros)	2015	2014
Consolidated premium income	**10,291**	**10,203**
Premium income of regional mutuals	5,421	5,376
Internal transactions:		
■ Groupama SA	(1,964)	(1,940)
■ Groupama Gan Vie	(1)	(2)
■ Groupama Asset Management	(2)	(3)
Combined premium income	**13,745**	**13,634**

Net income

(in millions of euros)	2015	2014
Consolidated net income	**133**	**15**
Net income of regional mutuals	243	244
Net income of Groupama SA	(2)	(2)
Net income of Gan Outre-Mer	(5)	0
Net income of holding companies	(1)	(1)
Combined net income	**368**	**257**

1.4 STRATEGY

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

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

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

AN ENVIRONMENT UNDERGOING PROFOUND CHANGE

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

- a difficult economic environment, with interest rates at very low levels over the long term and a systemic crisis that is affecting demand for insurance and putting pressure on the economic model adopted by insurers, particularly in the life insurance segment;
- very stiff competition;
- numerous tax and regulatory developments (Hamon law, ANI, Solvency II, etc.);
- significant technological advancements, with digital technology playing an increasingly significant role and access to large quantities of information *via* massive databases. Insurers need to be able to process this information – "big data" represents a considerable opportunity, as long as companies know how to use it.

A GROUP WITH SOLID STRENGTHS

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

- a dense and dynamic institutional network;
- presence across all distribution channels with one of the most extensive networks in France;
- a market-leading position on the P&C and Health and Individual Protection markets;
- very strong complementary brands, enabling it to address all types of customer base;
- an extensive offering of insurance, banking and services products, enabling it to cover all of our customers' needs;
- an international network.

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

A STRATEGIC PROGRAMME BASED AROUND 4 WORKSTREAMS

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

It is structured around four strategic priorities:

› **Highly satisfied customers**

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

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

› **Profitable growth**

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

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

› **A culture of efficiency**

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

The efficiency workstream breaks down into two major action areas:

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

Monitoring changes in general expenses enables the Group to improve the efficiency of its life and non-life business activities.

› **Committed employees**

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

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

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

1.5 HUMAN RESOURCES

1.5.1 SOCIAL POLICY

With a view to guiding its strategy and improving its performance, Groupama invests in its people and has developed a human resources policy based on social responsibility and the commitment of its 33,362 employees.

As at 31 December 2015, Groupama SA and its subsidiaries employed 15,402 staff (9,345 in France/Overseas Departments and Territories and 6,057 abroad).

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

In 2015, the consolidated companies hired 1,558 employees under permanent contracts (excluding 36 transfers and 74 secondments), including 528 in France, to strengthen their sales networks and customer relationships platforms and to reinvigorate their management and advisory teams as well as the auditing, internal control, and steering functions: 26% of the new staff are under 26 years of age, 5% are 50 and over and 23% of new hires resulted from the conversion of fixed-term contracts into permanent contracts.

In 2015, the Group held its fifth Groupama Gan Jobmeetings, enabling nearly 820 pre-selected candidates to meet with the HR teams of the Group's companies in Paris, Nantes, Bordeaux, Lyon, Rennes, Landerneau, Lille, Reims, Orléans, Angers, Limoges, Beauvais, and Annecy. The website groupama-gan-recrute.com, enriched with a "virtual" exhibition of the Group's French companies, registered 800,000 visits (Web and mobile sites) and 127,000 applications in one year (+9.8% compared with 2014).

At the same time, the consolidated companies recorded 2,068 departures of employees on permanent contract (excluding 64 secondments), including 767 in France; these break down as follows: 8% voluntary departure plans, 25% resigned, 26% were laid off, 17% retired, 7% contractual terminations, 10% left during their probation period and 1.4% died in service. At international level, 1,301 employees on permanent contracts left (excluding 1 secondment); these break down as follows: 50% contractual terminations, 28% resigned, 14% were laid off and 1% retired.

The companies of the consolidated scope continued actions to reduce their operating costs and their workforce, initiated in 2012, particularly by not replacing certain departures and favouring internal promotions and continued improvement of skills.

Out of more than 5,000 internal applicants in France, more than 2,000 involved mobility, which was the driving force behind the performance of the employees and the Group companies in 2015. The Mouvy intranet site, the internal online recruitment site open to all Group employees in France, recorded 4,650 applications on 2015. Since 2010, all inter-company transfers and secondments within the Group have been governed by a Group agreement. A unanimously signed addendum reinforced the mechanisms put in place: improved support, better publication of job postings on Mouvy, reduced time frames for transfers, etc.

The investment in training for consolidated companies in France in 2014 amounted to 2.9% of payroll. This investment affected 8 out of every 10 employees in all professional categories. It represents a major benefit for the development of business and managerial skills. In 2015, e-learning programmes on Solvency II, the Hamon law and psychosocial risks were rolled out to a large number of employees. The Group's companies also implemented reforms to professional training, with the performance of employee interviews.

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

In France, the consolidated companies continued with the roll-out of programmes dedicated to Managers, their objective being to expand Managers' vision of the Group and its changes, particularly through the pursuit of a balance between performance and quality of life at work. As part of the Community schemes to improve their information and training, nearly 1,000 Executives and Senior Managers participated in the 2015 Ambitions Groupama seminars and worked together on accelerating the implementation of the strategic programme and the management of innovation.

In order to identify and build the loyalty of the talent that is essential to the Group and its companies, the "Groupama Talents" application is gradually being rolled out to all categories of staff. Groupama SA and 15 other subsidiaries within the consolidated scope have rolled it out to 8,500 employees. Staff reviews have been conducted in each company. Furthermore, 57 future Managers, selected by the Technical Careers Committee, participated in the "Directors Leadership" programme to prepare them for holding strategic positions.

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

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

With respect to the collective wages policy, profit-sharing measures are in place in all Group companies in France. In this regard, more than €23,672,893 (10,371 beneficiaries) and €3,673,304 (1,313 beneficiaries) respectively were paid out in profit-sharing schemes during 2015.

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

As such, the agreement on Diversity and Equal Opportunities underwent the triennial review in 2015, leading to the signing on 24 June of a unanimous addendum (with the exception of a union organisation that was not a signatory to the original agreement) seeking to:

- harmonise practices for integrating employees with disabilities and keeping them employed;
- establish support measures for employees helping families;
- promote work/life balance and further take into account the family situation of employees;
- promote professional equality.

At the same time, the companies of the consolidated group continued to roll out training on topics related to diversity, particularly for Managers, on the subjects "Diversity awareness for management" and "People with disabilities: integrating them and keeping them employed".

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

In 2015, 16 employees (permanent or fixed-term contracts) with disabilities were recruited in the consolidated companies in France. Over ten years, nearly 1,000 disabled employees have been recruited (permanent and fixed-term contracts, training contracts or as temporary workers) by the Group's French companies in the framework of this long-term commitment.

Groupama has also broadened the scope of its work on the subject of professional gender equality. In France in 2015, in the consolidated companies, 58% of staff promoted to managerial positions were women, bringing the ratio of women Managers to 47%.

Furthermore, in 2015, the companies were attentive to the application of the 2011 Group agreement on quality of life at work – which encourages them to develop actions that aim to prevent, deal with and eliminate or, if not, reduce psychosocial risks (PSR) – and the addendum of 10 October 2014, which reinforced the following priorities:

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

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

The 4th Groupama opinion survey was conducted in 2014, in collaboration with research company Ipsos. More than 21,500 Group employees, *i.e.*, 75% of them, responded to the survey, and the results showed an increase in commitment from them between 2012 and 2014 to 71% (+6 points). 2015 was devoted to monitoring the implementation of action plans derived from the results, in all the companies. At the same time, the HR teams prepared for the 2016 edition of the employee survey, which will be conducted from 24 March to 4 April.

Moreover, in 2015, for the second year, the Group HRD carried out social projects in the consolidated companies, relating to the obligations of transparency and non-financial reporting covered in the Grenelle law, which, after audit and verification by the statutory auditors, obtained the certificate of participation and an attestation of sincerity.

Lastly, in accordance with the provisions of the Solvency II Directive, the compensation policy was approved in 2015 for the first time by Groupama SA's Board of Directors for the Group and Groupama SA scope. This approach was also rolled out in the Group's regional mutuals and insurance subsidiaries.

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

1.5.2 GROUP CONSOLIDATED WORKFORCE (FRANCE AND INTERNATIONAL)

The consolidated scope includes approximately thirty companies for a total workforce, as at the end of 2015, of 15,402 employees.

The table below corresponds to Note 45 of the notes to the consolidated financial statements for the fiscal year 2015, as audited by the statutory auditors.

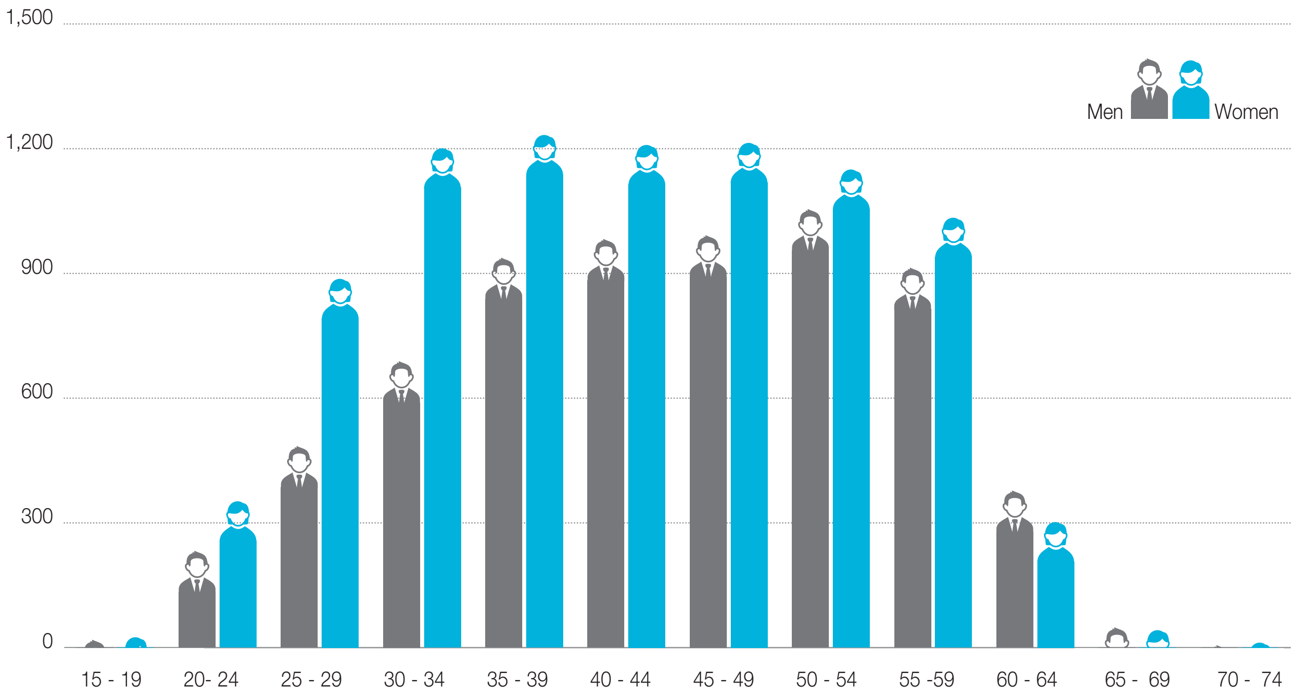
	2015			2014	2013
Employees	Insurance	Finance	Total	Total	Total
France	8,447	898	9,345	9,435	9,469
Great Britain	359		359	299	323
Italy	830		830	839	831
Hungary	2,183		2,183	2,292	2,341
Greece	319		319	319	331
Romania	1,548		1,548	1,641	1,858
Other EU	276		276	265	260
Outside EU	542		542	585	598
TOTAL	**14,504**	**898**	**15,402**	**15,675**	**16,011**

Employees	2015	2014	2013
Groupama SA	1,268	1,272	1,375
Head offices and after-sales services of subsidiaries with relationship with customers/networks (1)	1,552	1,597	1,563
Sales forces of subsidiaries with relationship with customers/networks (1)	1,350	1,518	1,618
Insurance/banking and services subsidiaries – France (2)	3,228	3,021	2,966
of which Groupama Banque	604	592	607
Financial and real estate subsidiaries (3)	423	442	440
Support companies (Groupama Support et Services)	1,524	1,585	1,507
Subtotal - France	**9,345**	**9,435**	**9,469**
International	**6,057**	**6,240**	**6,540**
TOTAL	**15,402**	**15,675**	**16,009**

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

Breakdown by gender		Breakdown by contract type		Breakdown by status type	
Men	Women	Permanent contract	Fixed-term contract	NC	C
44%	56%	95%	5%	62%	38%

The age pyramid is distributed as follows:



1.5.3 INVESTMENTS AND STOCK OPTIONS

Groupama SA awarded no stock subscription or purchase options to officers or employees in the fiscal year 2015. As of the date of filing of this registration document, there were no stock subscription or purchase options able to be exercised.

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

1.5.4 COMMITMENTS TO PERSONNEL

1.5.4.1 Pension schemes

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

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

1.5.4.2 Other long term benefits

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

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

1.6 GROUPAMA CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR)

The principal Corporate Social Responsibility indicators are presented in the report of the Board of Directors appearing in section 5.1.14 of this registration document.

Groupama, ever driven by its values – proximity, commitment, performance and solidarity – in the pursuit of serving people and customer satisfaction, has throughout its history striven to respond to social issues – economic, social and environmental expectations. Rooted in the territories, the Groupama group is attentive to its environment and has a long-term vision for its actions.

We believe the CSR approach is a key factor in our employees' commitment and motivation, in innovation, operational efficiency and the reinforcement of the quality of our relationship with external and internal audiences, thus building confidence.

After formalising a first CSR strategy for 2013-2015, the Group has adopted a new plan for 2016-2018. Its objective will be to mobilise the entire group around CSR with high added value to serve the Group's strategic programme. The plan was constructed in 2015 through a collaborative approach, involving the coordinators and departments of the companies, with the ambition of further anchoring CSR into the Group's everyday activities.

The CSR strategy is based on four commitment priorities:

› Implement wider responsibility as an employer

For a number of years, beyond the high-quality social status (social protection, employee savings, etc.), Groupama has made many commitments as a responsible employer in line with the social issues of CSR, such as professional equality, non-discrimination and promotion of diversity, employment of workers with disabilities and quality of life at work, while at the same time increasing employees' commitment levels. This dynamic continues both at the Group level and within the companies, particularly by strengthening the employability and adaptability of employees. The biannual Group Opinion Survey provides an assessment of the change in level of employee commitment (71% in 2014, +6 points compared with 2012). 2016 will be the 5th edition of this survey.

› Act as a responsible, long-term partner for our customers and members

As a pioneering group with strong brands, Groupama develops insurance and financial products and services that respond to society's major issues, such as mobility, support for entrepreneurship, incentives for responsible behaviour, management of sustainable social protection (retirement, health), problems related to the ageing of the population (assistance, long-term care) and asset management incorporating environmental, social and governance criteria (ESG).

Today, Groupama is committed to going further in the integration of societal factors in the design of its offerings through innovation.

Beyond "CSR" offerings, the objective is to continue developing a responsible relationship based on advice over time and an all-out prevention policy – safety of property and people, health, prevention of weather risks, etc. – and rolled out through local actions as close as possible to our individual, professionals (including farmers), corporate, and local authority customers.

› Reinforcing our contribution to the development of the regions and the progress of community organisations and associations

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

For 15 years, through the Groupama Health Foundation, Groupama has contributed to the fight against rare diseases (supporting research, raising awareness of rare diseases and support for patients), one of the three public health priorities along with cancer and Alzheimer's disease. Since its creation, the Foundation has supported 29 researchers, 550 projects, and 160 associations. We will be seeking to highlight our support for research – including medico-social research, particularly through the partnership with Necker Hospital established in 2015 – and further mobilise our elected representatives and employees around this commitment.

› Acting for the environment

We have initiated actions to further reduce our environment footprint. We wish to continue our efforts and reduce our CO_2 emissions in line with the Energy Transition Act (2015), through energy efficiency, investment policy, development of our forest assets, and the efficient use of resources (energy and paper consumption, travel, etc.).

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

2

THE GROUP'S BUSINESS ACTIVITIES

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

Groupama, a multi-line insurance group member of a large mutual of agricultural origin, is an independent Group, founded at the end of the 19th century by farmers. The expertise developed by the Group throughout its history has been extended to the benefit of all socio-economic players: individuals, professionals, companies and local authorities. Today, Groupama is a major player on the insurance market in France (8th largest French multi-line insurer, *source: L'Argus de l'Assurance*), in property and casualty insurance and life and health insurance, as well as banking services and financial businesses.

As at the end of 2015, Groupama benefits from dense, complementary distribution networks covering the entire French territory: 7,700 sales representatives employed by Groupama's regional mutuals, 950 multi-line agents and 225 representatives at Gan Assurances, 600 partner brokers at Gan Eurocourtage, 300 Gan Patrimoine agents and 630 in-house advisors at Gan Prévoyance.

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

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

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

2.1.1 STRUCTURE OF CONSOLIDATED PREMIUM INCOME

At the end of 2015, Groupama SA reported total consolidated premium income of €10,292 million, including €10,009 million in insurance premiums and €282 million originating from asset management and other financial businesses.

Approximately 72% of Groupama SA's insurance business is realised in France, amounting to €7.2 billion as at 31 December 2015.

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

(in millions of euros)	31.12.2015	31.12.2014	31.12.2013	Change 2015/2014 (1)
Property and casualty insurance – France	3,218	3,157	3,076	+1.9%
Life and health insurance – France	4,022	3,976	4,432	+1.2%
Subtotal – France	**7,239**	**7,133**	**7,508**	**+1.5%**
Property and casualty insurance – International	1,787	1,835	1,889	0.0%
Life and health insurance – International	983	953	757	+3.7%
Subtotal – International	**2,770**	**2,788**	**2,646**	**+1.3%**
Banking and financial businesses	282	282	268	+0.2%
TOTAL GROUPAMA SA	**10,292**	**10,203**	**10,423**	**+1.4%**

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

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

2.1.2 FRENCH NETWORKS

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

(in millions of euros)	31.12.2015	31.12.2014	31.12.2013
Groupama SA	2,123	2,076	2,199
Groupama Gan Vie	3,399	3,358	3,669
Gan Assurances	1,414	1,413	1,390
Amaline Assurances	57	59	52
Other specialised companies of the Group [(1)]	247	227	199
Subtotal – Insurance – France	**7,239**	**7,133**	**7,508**
Banking and financial businesses	282	282	268

(1) Groupama Assurance-Crédit, Mutuaide Assistance, Groupama Protection Juridique, Caisse Fraternelle Épargne and Caisse Fraternelle Vie, Assuvie

2.1.2.1 Groupama network

The Groupama network includes local and regional mutuals.

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

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

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

At the end of 2015, the Groupama network had 9 regional mutuals in metropolitan France, 2 overseas mutuals and 2 specialist mutuals.

2.1.2.2 Gan networks

Gan Assurances is the fourth-largest network of multi-line agents in France *(source: L'Argus de l'Assurance, April 2015)* with a network of 950 multi-line agents and 225 representatives.

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

Gan Prévoyance has a network of 630 sales representatives.

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

2.1.2.3 Direct sales channels

"Amaguiz.com" is the brand dedicated to innovation in the Group. As at the end of 2015, with nearly 200,000 policies in its portfolio, Amaguiz.com is one of the leading players in France in direct insurance sales to individuals over the internet or by telephone (motor, home and health insurance, Everyday Accident, dogs/cats and loan insurance) – *(source: Eurofil, April 2013)*.

In 2015, Amaguiz launched "Mon Amaguiz", a free, simple, intuitive mobile app offering many features, available for tablets and mobile devices. This new app allows customers to manage their policies and quotes at any time, download their documents and certificates, report and track their motor and home claims, get answers to their questions, and quickly contact emergency services or Amaguiz assistance.

2.1.2.4 Partnerships

Groupama signed a partnership agreement with La Banque Postale in 2009 resulting in the creation of a joint venture, La Banque Postale Assurances IARD, 65% of which is held by La Banque Postale. This company began distributing non-life insurance products at the end of 2010 *via* distance-selling channels (Internet and telephone) and *via* La Banque Postale's network of offices. The commercial arrangement has clearly yielded results, with the portfolio amounting to 1,350,000 policies by the end of 2015.

In 2015, 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 have constructed a special offering for customers of the Renault and Dacia brands: a simple, comprehensive, competitive offering for used vehicles. Since 8 October 2015, the Renault and Dacia brands have offered this new motor insurance solution through DIAC.

2.1.3 INTERNATIONAL NETWORKS

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

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

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

2.2 INSURANCE IN FRANCE

2.2.1 ECONOMIC ENVIRONMENT AND MARKET TRENDS

In France, insurance activity increased +3.9% in 2015 with premium income of €208 billion. This general market trend was driven by life and health insurance, which represents nearly 75% of premium income for 2015 *(source: AFA – 28 January 2016)*.

Life and health insurance premium income grew by 4.7% to €156 billion. Life insurance was up 4.9% at €135 billion at the end of 2015, driven by strong growth in unit-linked policies (+32.4%). Benefits and redemptions on life insurance policies increased 4.1% as at the end of 2015. Net inflows in life insurance (premiums exceeding withdrawals) were thus +€24.6 billion. Life insurance assets continued to grow, amounting to €1,580 billion in 2015, up 3.8%. In health insurance, premium income grew 3.1% to €21 billion. Health insurer expenditure also continued to grow (up 5.1% between 2014 and 2015).

Premium income in property and casualty insurance increased 1.5% to €52 billion. Changes in the volume of insurable items and strong competition weighed on premium growth. By branch, premiums increased in all sectors (+1.5% in motor insurance and +3.5% in multi-risk home insurance) except in construction insurance (-6%). The loss experience reached €35 billion in 2015, down 5% compared with 2014, but the trend was mixed. The year's mild climate, amplified by the slight decline in burglaries, favoured a decline in home claims. However, in motor insurance, the year was characterised by an increase in mortality and the average cost of property claims.

2.2.2 COMPETITION AND POSITIONING

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

The difference lies primarily in the following criteria:

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

Groupama SA generated €7.2 billion in insurance premium income in France during 2015. The table below shows the change in Groupama's ranking in France, eighth-largest French multi-line insurer in 2015:

French ranking [1]	2015	2014
Insurance	8	7
P&C	3	4
L&H	12	12

(1) *Source: L'Argus de l'Assurance – December 2015 and December 2014.*

2.2.3 PROPERTY AND CASUALTY INSURANCE

Groupama SA generated €3.2 billion in premium income in property and casualty insurance in France (44% of premium income generated in France) as at 31 December 2015.

2.2.3.1 Motor insurance

Groupama is ranked fourth on the French market in terms of number of policies *(source: L'Argus de l'Assurance, September 2015)* and insures nearly 3,800,000 passenger vehicles (excluding fleets) as at the end of 2015.

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

The new developments of the "Groupama toujours là" app helped to enrich the multi-channel approach, with easy access for our members to online services associated with their policies. In July 2015, the "Groupama toujours là" mobile app offered new services to make life easier for customers in case of automobile claims and to stay in touch, even on the road. The Group was awarded the 2015 Argus "Automobile claims management innovation" prize.

At the end of 2015, a behavioural insurance experiment through the "Groupama on board" mobile app was launched with the regional mutuals targeting young drivers.

2.2.3.2 Multi-risk home

Groupama is ranked second on the French market in terms of number of policies *(source: L'Argus de l'Assurance, September 2015)*, insuring nearly 3.5 million homes [1] as at 31 December 2015.

The growth in premium income in 2015 is particularly explained by the increasing density of its urban network, the development of the offering at Amaguiz.com, the rollout of the distribution partnership with La Banque Postale and continued product innovation.

In May 2015, the Group launched a student MRH offer, optimised for mobile devices and able to be used on tablets and PCs. This offer received two insurance awards: the Bronze Digital Innovation Award and the Policyholder Award in the Services category. With this 100% mobile offer, Groupama is continuing its approach of developing targeted, simple, adapted insurance products with online sign-up in just a few clicks, providing a true service and a seamless customer experience.

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

2.2.3.3 Services

(a) Assistance, remote surveillance, remote alarms

Offered by Mutuaide Assistance, which has operations in all assistance businesses (car breakdown assistance, medical repatriation, travel insurance, home care), this business places the Group in sixth position on this market in France *(source: L'Argus de l'Assurance, June 2015)*.

In 2015, for remote surveillance services, Cofintex 6 developed an innovative, highly competitive offering for the connected homes business line: Groupama Box Habitat. This offer for the general public has allowed the Group's customers to have effective protection, easy to use and set up, particularly against Theft & Fire, as it helps them comply with the new legal obligations for individuals.

A leader and pioneer in remote support in France, Présence Verte (personal safety) currently has more than 110,000 subscribers thanks to innovative, simple, accessible features.

(b) Legal Protection

Groupama is the second-largest player in France *(source: Groupement des Sociétés de Protection Juridique, 2014)* in the legal protection market, with insurance cover managed by the regional mutuals on the one hand and Groupama Protection Juridique on the other. With this cover, Groupama provides support to policyholders, whether individual or professional, who face situations of conflict, by helping them to assert their claims and assuming the corresponding expenses. The operating performance of Groupama Legal Protection is based on the satisfaction of its customers, controlled by its quality assurance system certified ISO 9001 by BVQI.

In 2015, the Group implemented innovations in terms of offers and services: the "Digidroit" service, a digital legal information solution intended for individuals; a conventional mediation solution for our professional policyholders; identity theft protection against fraudulent use of policyholders' identity; and e-reputation coverage to protect them from malicious content against them posted online.

(c) Credit insurance

Groupama Assurance-Crédit is the Group specialist in matters of credit insurance and surety. Its products are marketed by the regional mutuals, Gan Assurances agents and specialist brokers. Its premium income amounted to €38 million as at 31 December 2015.

2.2.3.4 Agricultural insurance

The Group, a leading player in agricultural insurance in France, continues to provide insurance solutions that are either new or adjusted to all changes observed on the market.

For farm equipment, the Titane Pro policy offers tailored cover. In property damage/TPL agricultural insurance, the Group proposes its "Reference" offer, covering property damage, professional liability, operating losses and livestock mortality. This insurance combines essential cover to protect the farmer and more specialised cover that is adapted to new agricultural practices: diversification, developments of short circuits, contractualisation of production, etc.

For the Group, 2015 was marked by significant advances in weather insurance with two major events. First, in multi-risk weather insurance, Groupama, after actively participating in local work on changes to the base policy, has marketed its new offering since September 2015. Second, continuing on from the base offering, the Group worked closely with farmers to construct its Prairies insurance offering. This insurance, which came on the market in early 2016, is designed to provide compensation for a fodder deficit in case of a weather event measurable by remote detection.

In our diagnostic and advisory approach with our members and using an innovative Web-based tool, we help farmers characterise their risk, identify the vulnerabilities of their farm, import their TéléPAC file, and build their customised Prairies insurance solution.

Other innovative initiatives for farming have been conducted by the Group, such as the October 2015 launch of a farming equipment leasing collaborative platform partnership with the "Wefarmup.com" app and the continuation of our technical partnerships with, in particular, the Association of Biogas Farmers of France and the National Federation for Land-Based Contractors.

2.2.3.5 Professional insurance

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

2.2.3.6 Construction

In a particularly challenging economic environment, Groupama SA generated €89 million in premium income as at 31 December 2015, driven primarily by multi-risk policies (Non-Life, Civil Liability and Ten-Year Civil Liability) and distributed through the employee and agent networks.

2.2.3.7 Insurance for local authorities

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

For local authorities, the Group provides prevention and advisory services adapted to the risks faced in today's environment: road safety, crisis management, prevention of climate-related risks, etc. In the area of climate-related risk prevention, the rollout of the Groupama-Prédict service continued in 2015; this service sends out highly localised alerts on the Internet and by SMS in the event of a weather event or natural disaster, based on customised information provided up front. The Group has also rolled out its Apple and Android apps that inform elected members of the local authorities of the risks and how best to control them and is gradually developing its service providing theft and vandalism prevention in public areas.

2.2.3.8 Commercial insurance

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

2.2.4 LIFE AND HEALTH INSURANCE

Groupama SA generated premium income of €4.0 billion in life and health insurance (56% of premium income generated in France) as at 31 December 2015.

2.2.4.1 Individual health insurance

With a portfolio of 1.2 million policies as at 31 December 2015, the Group has confirmed its market-leading position in the individual health insurance segment *(source: L'Argus de l'Assurance, 2015 ranking)*.

In 2015, Groupama updated its policies to incorporate the new conditions of "responsible" policies and thus avoid an additional tax for its policyholders. A new offering dedicated to the needs of seniors was also created.

Partnerships with healthcare professionals were strengthened throughout the territory through Sévéane, a resource-pooling EIG established with Pro BTP, which in particular renewed its network of opticians. They allow policyholders to benefit from Sévéane prices for an equivalent level of quality and therefore reduce their co-pay in areas where the mandatory insurance schemes play little: optical equipment (with glasses priced 40% below market price), hearing aids (20% and 60% lower price depending on the chosen model), and dental treatments.

Lastly, within the "Assureurs Complémentaires Solidaires" grouping, Groupama has committed to the distribution of the new certified offering for low-income policyholders to enable them to continue to benefit from the scheme that entitles them to a premium reduction on their policy: supplemental health purchase assistance (ACS).

2.2.4.2 Individual retirement savings

As at 31 December 2015, Groupama SA generated €1.8 billion in premium income in individual savings/pensions, with a share of unit-linked products in individual savings of 38.7%, outperforming the market.

In 2015, the Group offered a new generation of innovative funds to support customers towards diversification into unit-linked policies: temporary unit-linked policies, offering attractive potential returns along with various levels of capital protection (Defineo, Ananke, Porphyre, etc.) and a wider range of sustainable funds (launch of the new range of Horizon funds, OPCI, BGF Global Allocation, etc.). In late 2015, the Group also incorporated a new innovative method of fixed-term management into its Life Insurance savings multi-component policies.

2.2.4.3 Protection insurance

On the individual protection insurance market, Groupama continues to be the leading player in an increasingly competitive market.

On the personal accident insurance market, Groupama is the second-largest insurer *(source: FFSA, 2015 data)* and has more than 650,000 policies in its portfolio, up 8.5% compared with 2014. In addition, the offering was enriched with the creation of a PRO option, dedicated to farmers and independent professionals.

Groupama has also invested in the design of a new long-term care offering to be marketed as early as spring 2016. In particular, it will provide policyholders recognised as dependent with a pension of up to €2,000 per month, plus the ability to equip their home appropriately. It also focuses on assistance that may be given to caretakers of dependent persons.

2.2.4.4 Group insurance

The Group generated €1.2 billion in group insurance premium income as at the end of 2015.

2015 was largely devoted to gaining new business in healthcare, following the opportunities offered by both the required establishment of supplementary health for all companies on 1 January 2016 and by the disappearance of designation clauses in branch agreements. The development of collective agreement offerings therefore remained very dynamic in health and individual protection. Another major highlight was the effort to ensure the healthcare policy portfolio's compliance with the responsible policy standards.

The Group continued on its path of digitising its tools and services with the dual purpose of improving the flow of business of the salesperson and business finder networks and optimising the experience of the end-customer. In health and protection insurance, on collective bargaining agreement (CCN) offerings, in retirement, online sign-up and management have become widespread. For example, ATPG (generalised third-party payment certificates) can now be looked up by the business finder or affiliation on multi-component retirement policies.

The quality of the Group's health, protection insurance and retirement offerings was a dominant factor this year, once again. The "Excellence" labels from Dossiers de l'Épargne were thus awarded to the protection insurance for employees and health insurance for employees and self-employed business owners. The brokerage profession praised the Group in group insurance for the quality of the collective bargaining agreement (CCN) offerings. In retirement, the IFC and Article 39 offerings were hailed for their innovative nature.

2.2.4.5 Employee savings

Groupama Épargne Salariale is the Group subsidiary dedicated to employee savings. Its products are distributed mainly by the regional mutuals, Gan Assurances, Gan Eurocourtage and Gan Prévoyance Assets entrusted to Groupama Épargne Salariale by its customers and managed by Groupama Asset Management reached €1.1 billion by the end of 2015. In 2015, 800 new customers subscribed from French companies, making the Group one of the market's most dynamic players.

The ISO 9001 certification was renewed for the administrative management of operations, a guarantee of quick, secure processing of savers' requests to their satisfaction.

2015 was also marked by the creation of "Solutions Épargne Salariale", the website of reference for employee savings dedicated business leaders, whether they are tradesmen, merchants, independent professionals, or farmers.

For the seventh time, the offerings designed by Groupama Épargne Salariale were awarded the "Excellence" labels by Dossiers de l'Épargne. This Seal is awarded by experts to the best policies on the employee savings market.

2.3 INTERNATIONAL INSURANCE

Groupama SA generated international premium income of €2.8 billion in 2015, which represents 28% of the Group's insurance premium income. Premiums written reached €1.8 billion (65% of total premiums) in property and casualty insurance and €1.0 billion (35% of total premiums) in life and health insurance.

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

	2015		2014	
Ranking	**Non-life**	**Life**	**Non-life**	**Life**
Italy (1)	7	25	7	27
Turkey (2)	6	13	7	13
Hungary (3)	4	3	4	3
Romania (4)	3	11	5	10
Greece (5)	11	9	11	9

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

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

Premium income *(in millions of euros)*	**31.12.2015**	**31.12.2014**	**31.12.2013**	**Change 2015/2014 (2)**
International insurance	**2,770**	**2,788**	**2,646**	**+1.3%**
Italy	1,600	1,596	1,419	+0.2%
Turkey	411	406	429	+5.1%
Greece	138	146	152	-5.4%
Portugal	61	58	54	+4.9%
CEEC (1)	497	482	487	+3.3%
Other countries	64	99	105	-0.8%

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

2.3.1 ITALY

The Italian market was down 2.2% in non-life insurance but continued its growth in the life insurance segment (+10.9%) as at 30 June 2015.

Groupama Assicurazioni generated €1,600 million in premium income as at 31 December 2015, principally *via* a network of multi-line agents across the entire territory and *via* the banking channel, as a result of partnerships concluded in 2013 with regional banks in northern Italy.

In a highly competitive environment, premium income in property and casualty insurance reached €995 million as at 31 December 2015, including 75% from motor insurance. In life and health insurance, premium income reached €605 million as at 31 December 2015.

2.3.2 TURKEY

The non-life insurance segment made steady progress in Turkey with a rise of 17.3%, while the life insurance segment grew by 16.3% as at 31 October 2015.

Groupama Sigorta and Groupama Emeklilik generated premium income of €411 million as at 31 December 2015 *via* a highly diversified distribution network of more than 2,300 agents, partnerships, brokers and banking partners throughout the territory. As at 31 December 2015, property and casualty insurance represented €328 million in premium income, and life and health insurance represented €83 million.

2.3.3 GREECE

The Greek market is down 0.8% in life insurance and 8.5% in non-life insurance as at 31 October 2015.

The €138 million in premium income as at 31 December 2015 was generated mainly by brokers and exclusive branches.

Premium income in property and casualty insurance, in a highly competitive market suffering the effects of the economic crisis, amounted to €85 million and represented 62% of the business. In life and health insurance, Groupama Phoenix generated premium income of €54 million.

2.3.4 PORTUGAL

The Portuguese market was up 3.2% in non-life insurance, losing 0.3%, while in life insurance, the market was down 14.3% as at 31 October 2015.

Groupama Seguros is ranked 18th on the non-life insurance market and 14th on the life insurance market in Portugal *(source: APS, 2015 data)*.

In Portugal, Groupama Seguros offers multi-line insurance products distributed by networks of agents and brokers. As at 31 December 2015, its premium income amounted to €61 million.

Premium income in life and health insurance stood at €52 million, representing 85% of the business, while premium income in property and casualty amounted to €9 million.

2.3.5 CENTRAL AND EASTERN EUROPEAN COUNTRIES (CEEC)

Groupama's premium income for countries in Central and Eastern Europe amounted to €497 million at 31 December 2015. The Group holds dominant positions in Hungary and Romania.

2.3.5.1 Hungary

The Hungarian market was up 6.3% in non-life insurance and down 1.9% in life insurance as at 30 September 2015.

Groupama Biztosito generated premium income of €304 million as at 31 December 2015 *via* a highly diversified distribution network of agencies, banking partnerships, brokers and online subscription sites. At 31 December 2015, life and health insurance represented €164 million and property and casualty insurance €140 million.

2.3.5.2 Romania

The Romanian market is down 4.5% in life insurance, while non-life insurance grew by 7.0% as at 30 September 2015.

Groupama Asigurari generated premium income of €181 million at 31 December 2015, driven in equal amounts by bancassurance, brokers, independent agents and the direct network. Property and casualty insurance represents the bulk of business with premium income of €167 million.

2.3.5.3 Bulgaria

At the end of 2015, premium income from the Bulgarian subsidiaries Groupama Zastrahovane and Groupama Jivotozastrahovane amounted to €11 million, including €6 million in property and casualty insurance.

2.3.6 OVERSEAS TERRITORIES

Gan Outre-Mer remains one of the major insurance players both in the Antilles (Guadeloupe, Martinique) and in the Pacific (New Caledonia, French Polynesia, Wallis and Futuna), with premium income of €64 million as at 31 December 2015, including €57 million from property and casualty insurance.

2.3.7 CHINA

In China, the Groupama AVIC joint venture continued to develop during 2016 and is now ranked second among foreign non-life insurers on the Chinese market. The premium income generated in the six provinces amounted to €235 million [1] at 31 December 2015.

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

2.4 FINANCIAL AND BANKING BUSINESSES

2.4.1 GROUPAMA BANQUE

Groupama Banque offers a range of banking products and services to individuals, professionals, farmers, cooperatives, and companies of the Group. The Bank is also developing a private banking business. It is accessible by Internet, telephone, post, mobile app, and social networks. The bank is the parent company of the asset management subsidiaries of the Group.

Groupama Banque's income as at 31 December 2015 amounted to €154 million. It continued its development despite the unstable economic environment and unprecedentedly low interest rates. At the end of the year, outstanding deposits amounted to €3.041 billion, and outstanding loans totalled €1.965 billion.

Its annual satisfaction surveys attest to the quality of its offerings. In 2015, 92% (1) of individual customers reported that they were satisfied with Groupama Banque. In the 2016 Customer Service of the Year awards, Groupama was ranked 1st in the Bank category on the social network channel and 2nd in its category. Lastly, the bank's products and services were recognised once again in 2015 with six "Excellence" labels awarded by Dossiers de l'Épargne.

2.4.2 GROUPAMA ASSET MANAGEMENT

Groupama Asset Management, a subsidiary dedicated to asset management, is ranked 9th among French asset management companies (AFG ranking as at 30 November 2014). Groupama Asset Management posted income of €124 million as at 31 December 2015. Assets under management at the end of 2014 amounted to €91.8 billion, including 15% on behalf of external customers.

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

The management quality of the fund range was recognised again this year, particularly at the Trophées du Revenu, receiving the bronze award over 3 years in 3 categories: international equities, euro bonds, and international bonds. Groupama Asset Management's management was also awarded the "Corbeilles Mieux vivre votre Argent" as the best range of profiled funds over 5 years by Lipper, which awarded 6 prizes (France, Switzerland, and Europe) to the "Groupama Avenir Euro" fund at 3 and 5 years in the "Eurozone S&M Cap" category, and by Morningstar, which named "Groupama État Euro" the best fund in the "Euro government bonds" category.

2.4.3 GROUPAMA IMMOBILIER

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

Groupama Immobilier has ISO 9001 certification (version 2008) for investment, management, and valuation of property assets: acquisitions, major projects, marketing, leasing and technical management, and sales.

In 2015, the real estate investment management company Groupama Gan REIM, a subsidiary of Groupama Immobilier (60%) and Groupama Gan Vie (40%), launched four real estate investment vehicles (OPIC and SCPI), available as part of a Groupama life insurance policy or capitalisation contract.

As at 31 December 2015, property assets held by Groupama SA and its French subsidiaries represented a total value of €3.5 billion. This asset base includes commercial real estate (69%) and residential real estate (27%), mainly in Paris and its immediate suburbs, as well as forests (4%).

(1) Telephone and e-mail surveys conducted by INIT from 29 September to 16 October 2015 among a representative sample of 781 individual customers.

3

CORPORATE GOVERNANCE AND INTERNAL CONTROL

3.1 MEMBERSHIP OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1 BOARD OF DIRECTORS AS AT 31 DECEMBER 2015

Chairman:

- Jean-Yves Dagès

Vice-Chairman:

- Jean-Louis Pivard

Directors:

Representing the Controlling shareholder:

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

Independent members:

- Caroline Grégoire Sainte Marie
- Bruno Rostain
- Odile Roujol (2)

Employee representatives:

- Maria Frigara
- Brigitte Homo

Works Council representative:

- Catherine Guibert (3)

Secretary of the Board:

- Cécile Daubignard (4)

(1) During its meeting of 27 May 2015, the Board of Directors appointed Laurent Poupart to replace Annie Bocquet. His appointment was approved during the General Meeting of 18 June 2015.

(2) Odile Roujol resigned as director with effect from 31 January 2016.

(3) During its meeting of 9 April 2015, the Board of Directors appointed Catherine Guibert to replace Rémi Paris.

(4) Cécile Daubignard replaced Fabrice Heyriès on 1 September 2015.

3.1.2 OFFICES HELD BY THE DIRECTORS

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

JEAN-YVES DAGÈS

Date of birth: 21 July 1958

BUSINESS ADDRESS

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

Main role in the Company

Jean-Yves Dagès has been Chairman of the Board of Directors since 14 December 2012 and a director since 3 August 2011. Their respective terms of office were renewed during the meeting of the Board of Directors and the General Meeting of 18 June 2015 and will expire at the close of the Annual General Meeting of 2021.

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

Main position outside the Company

- Farmer

Professional experience/Management expertise

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

Current offices held

Served within the Group in France

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

Offices held between 2011 and 2015 no longer held by Mr Dagès

Served within the Group in France

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

JEAN-LOUIS PIVARD

Date of birth: 27 May 1958

BUSINESS ADDRESS

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

Main role in the Company

Jean-Louis Pivard has been Vice Chairman of the Board of Directors since 14 December 2012 and a director since 25 April 2012. Their respective terms of office were renewed during the meeting of the Board of Directors and the General Meeting of 18 June 2015 and will expire at the close of the Annual General Meeting of 2021.

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

Main position outside the Company

- Farmer

Professional experience/Management expertise

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

Current offices held

Served within the Group in France

Gan Assurances	Chairman of the Board of Directors	Since 13 February 2013
	Director	Since 07 March 2007
Groupama Holding	Director	Since 18 April 2012
Groupama Holding 2	Director	Since 18 April 2012
SCI Château de Cap de Fouste	Director	Since 25 November 2015
SCI Domaine de Nalys	Director	Since 08 March 2013

Offices held from 2011 to 2015 no longer held by Mr Pivard

Served within the Group in France

Gan Patrimoine	Chairman of the Board of Directors (end of term 13 February 2013)
Groupama Gan Vie	Director (end of term 14 December 2012)
Groupama Immobilier	Director (end of term 29 January 2013)
SCI Château de Cap de Fouste	Member of the Supervisory Board (end of term 25 November 2015)

MICHEL BAYLET

Date of birth: 29 September 1954

BUSINESS ADDRESS

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

Main role in the Company

Michel Baylet has been a director since 29 June 2006. His term of office was renewed during the General Meetings held on 27 May 2009 and 18 June 2015 and will expire at the close of the Annual General Meeting of 2021.

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

Main position outside the Company

- Farmer

Professional experience/Management expertise

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

Current offices held

Served within the Group in France

Centaure Midi-Pyrénées	› Director	Since 14 June 2007
Gan Prévoyance	› Chairman of the Board of Directors	Since 11 July 2006
Groupama Holding	› Director	Since 29 June 2006
Groupama Holding 2	› Director	Since 29 June 2006
SCA Château d'Agassac	› Chairman of the Management Board	Since 28 January 2008
SCI Château de Cap de Fouste	› Director	Since 25 November 2015
SCI Domaine de Nalys	› Director	Since 24 January 2008

Offices held from 2011 to 2015 no longer held by Mr Baylet

Served within the Group in France

Gan Patrimoine	› Director (end of term 13 February 2013)
Groupama Holding	› Vice-Chairman of the Board of Directors (end of term 23 May 2012)
Groupama Holding 2	› Vice-Chairman of the Board of Directors (end of term 23 May 2012)
Groupama SA	› Vice-Chairman of the Board of Directors (end of term 26 October 2011)
SCI Château de Cap de Fouste	› Member of the Supervisory Board (end of term 25 November 2015)

DANIEL COLLAY

Date of birth: 17 January 1961

BUSINESS ADDRESS

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

Main role in the Company

Daniel Collay has been a director since 30 May 2012. His term of office was renewed during the General Meeting of 18 June 2015 and will expire at the close of the Annual General Meeting of 2021.

He has been a member of the Agreements Committee since 14 December 2012 and was its Chairman from 18 September 2013 to 13 February 2014.

Main position outside the Company

- Farmer

Professional experience/Management expertise

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

Current offices held

Served within the Group in France

Amaline Assurances	Chairman of the Board of Directors	Since 29 October 2014
Groupama Holding	Director	Since 23 May 2012
Groupama Holding 2	Director	Since 23 May 2012
Mutuaide Assistance	Chairman of the Board of Directors	Since 14 February 2013
SCA Château d'Agassac	Member of the Management Board	Since 08 February 2013
SCI Agrisud	Manager	Since 02 July 2004
SCI Château de Cap de Fouste	Director	Since 25 November 2015
SCI Domaine de Nalys	Director	Since 08 March 2013

Offices held from 2011 to 2015 no longer held by Mr Collay

Served within the Group in France

Gan Prévoyance	Director (end of term 1 January 2013)
Groupama Gan Vie	Director (end of term 14 December 2012)
SCI Château de Cap de Fouste	Member of the Supervisory Board (end of term 25 November 2015)

AMAURY CORNUT-CHAUVINC

Date of birth: 17 January 1953

BUSINESS ADDRESS

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

Main role in the Company

Amaury Cornut-Chauvinc has been a director since 30 May 2007. His term of office was renewed during the General Meetings held on 27 May 2009 and 18 June 2015 and will expire at the close of the Annual General Meeting of 2021.

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

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Vice-Chairman and Secretary of Fédération Nationale Groupama
- Chairman of Groupama Méditerranée

Current offices held

Served within the Group in France

Groupama Gan Vie	Chairman of the Board of Directors	Since 17 December 2009
Groupama Holding	Director	Since 17 October 2007
Groupama Holding 2	Director	Since 17 October 2007
SCA Château d'Agassac	Representative of Groupama SA, member of the Management Board	Since 08 February 2013
SCI Château de Cap de Fouste	Chairman of the Board of Directors	Since 25 November 2015
SCI Domaine de Nalys	Chairman of the Board of Directors	Since 06 December 2011
	Director	Since 1 June 1999

Served outside the Group in France

Paysan du Midi	Chairman of the Board of Directors	Since 15 March 2015
	Director	Since 06 June 2007

Offices held from 2011 to 2015 no longer held by Mr Cornut-Chauvinc

Served within the Group in France

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

Served outside the Group in France

Société du Journal Midi Libre	Permanent Representative of Groupama Sud, member of the Supervisory Board (end of term 31 December 2011)
SCI Château de Cap de Fouste	Chairman of the Supervisory Board (end of term 25 November 2015)

MARIE-ANGE DUBOST

Date of birth: 06 August 1955

BUSINESS ADDRESS

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

Main role in the Company

Marie-Ange Dubost has been a director since 31 July 2014. Her term of office was renewed during the General Meeting of 18 June 2015 and will expire at the close of the Annual General Meeting of 2021.

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

Main position outside the Company

- Farmer

Professional experience/Management expertise

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

Current offices held

Served within the Group in France

Groupama Holding	Director	Since 17 September 2014
Groupama Holding 2	Director	Since 17 September 2014
SCA Château d'Agassac	Member of the Management Board	Since 15 September 2014

Served within the Group abroad

Groupama Assicurazioni Spa	Chairman of the Board of Directors	Since 15 June 2015

Offices held from 2011 to 2015 no longer held by Ms Dubost

Served within the Group in France

Gan Eurocourtage	Director (end of term 31 December 2012)
Groupama Assurance-Crédit	Chairman of the Board of Directors (end of term 5 May 2015)
Groupama Gan Vie	Director (end of term 14 December 2012)

Served within the Group abroad

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

CAROLINE GRÉGOIRE SAINTE MARIE

Date of birth: 27 October 1957

Main role in the Company

Caroline Grégoire Sainte Marie has been an Independent Director since 25 May 2011. Her term will expire at the close of the Annual General Meeting of 2017.

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

Main position outside the Company

- Company director and member of the Advisory Committee at Safran Corporate Ventures

Professional experience/Management expertise

- Since 2011: company director
- 2009 to 2011: Chairman of Frans Bonhomme (SAS)
- 2007 to 2009: Chief Executive Officer of Tarmac, France and Belgium
- 1997 to 2007: Lafarge
  - 2004 to 2007: Chief Executive Officer of Lafarge Ciment Germany, Head of Mergers-Acquisitions of the Cement Branch
  - 1997 to 2004: Financial and Legal Officer of the Specialist Metals Sector
- 1994 to 1997: Financial Officer at Albert Roussel Pharma, Germany
- 1983 to 1997: Various positions in the Management and Finance Control Department at Hoechst Pharma

Current offices held

Served outside the Group in France

Eramet*	Director	Since 25 May 2012

Served outside the Group abroad

FLSmidth* (Denmark)	Director	Since 30 March 2012
Wieneberger AG* (Austria)	Member of the Supervisory Board	Since 22 May 2015
Calyos (Belgium)	Director	Since 28 July 2014

* *Listed company.*

Terms held from 2011 to 2015 no longer held by Ms Grégoire Sainte Marie

Served outside the Group in France

Bonhom Management	Non-shareholding Manager (end of term 1 September 2011)
Bonhom SAS	Chief Executive Officer (end of term 29 April 2011)
Frans Bonhomme	Chairman (end of term 1 September 2011)
Safran*	Non-voting Director (end of term 21 April 2015)

* *Listed company.*

MICHEL L'HOSTIS

Date of birth: 25 September 1955

BUSINESS ADDRESS

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

Main role in the Company

Michel L'Hostis has been a director since 17 January 2013. His term of office was renewed during the General Meeting of 18 June 2015 and will expire at the close of the Annual General Meeting of 2021.

He has been a member of the Agreements Committee since 17 January 2013 and became Chairman on 8 March 2016.

Main position outside the Company

- Farmer

Professional experience/Management expertise

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

Current offices held

Served within the Group in France

Groupama Banque	Chairman of the Board of Directors	Since 22 April 2015
Groupama Holding	Director	Since 20 February 2013
Groupama Holding 2	Director	Since 20 February 2013

Offices held from 2011 to 2015 no longer held by Mr L'Hostis

Served within the Group in France

Gan Eurocourtage	Director (end of term 31 December 2012)
Gan Patrimoine	Chairman of the Board of Directors (end of term 20 May 2015)
Groupama Gan Vie	Director (end of term 15 February 2013)

LAURENT POUPART

Date of birth: 20 February 1964

BUSINESS ADDRESS

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

Main role in the Company

Laurent Poupart has been a director since 27 May 2015. His term of office was renewed during the General Meeting of 18 June 2015 and will expire at the close of the Annual General Meeting of 2021.

He has been a member of the Compensation and Appointments Committee since 27 May 2015.

Main position outside the Company

- Farmer

Professional experience/Management expertise

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

Current offices held

Served within the Group in France

Groupama Assurance-Crédit	› Chairman of the Board of Directors	Since 05 May 2015
Groupama Holding	› Director	Since 27 May 2015
Groupama Holding 2	› Director	Since 27 May 2015

Served outside the Group in France

Opale Agri Distribution	› Manager	Since 17 August 2012
SAS Opale Artois	› Chairman	Since 30 March 2010
SCEA Poupart Regnaut	› Manager	Since 21 July 2005

Offices held from 2011 to 2015 no longer held by Mr Poupart

Served within the Group in France

Groupama Assurance-Crédit	› Permanent representative of Groupama Nord-Est, director (end of term 27 April 2015)

Served outside the Group in France

SAS Société Participative Agriadom (SoParAgri)	› Chief Executive Officer (end of term June 2015)

BRUNO ROSTAIN

Date of birth: 18 April 1956

BUSINESS ADDRESS

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

Main role in the Company

Bruno Rostain has been an Independent Director since 2 August 2012. His term will expire at the close of the Annual General Meeting of 2017.

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

Main position outside the Company

- Chief Executive Officer of Blackfin Capital Partners

Professional experience/Management expertise

- Since 2009: Chief Executive Officer of Blackfin Capital Partners
- 1991 to 2008: Aviva
  - 2003 to 2008: Chairman of the Executive Board of Aviva France – Chairman of SEV and Aviva Direct – Chairman of Aviva Assurances and Aviva Vie
  - 1999 to 2003: Deputy General Manager, then Chief Executive Officer of Aviva Vie (Commercial Union, Abeille and Norwich Union, which became Aviva in 2002)
  - 1998 to 1999: On assignment at Commercial Union Life of America, USA
  - 1995 to 1998: Chief Executive Officer at Commercial Union Assurances
  - 1992 to 1995: Director of the Brokerage Enterprise Division at Abeilles Assurances
  - 1991 to 1992: Director of the Office of the Chairman and CEO, Victoire Group
- 1989 to 1991: Ministry of Foreign Trade –Technical Adviser to the cabinet of Jean-Marie Rausch
- 1987 to 1989: Ministry of Agriculture –Representative to the Directorate Generate of Food
- 1985 to 1987: Regional Directorate of Industry and Research of Lorraine –Division head in charge of energy and mines

Current offices held

Served outside the Group in France

AnimSur SAS	Chairman	Since 9 April 2014
Blackfin Capital Partners	Chief Executive Officer	Since 19 March 2009
Chiarezza SAS	Chairman	Since 25 January 2012
Société Financière du Porte Monnaie Electronique Interbancaires (SFPMEI)	Director	Since 6 December 2010

Offices held from 2011 to 2015 no longer held by Mr Rostain

Served outside the Group in France

Compamut	Chairman (end of term 24 January 2014)
Finanzen France SAS	Chairman (end of term 31 March 2015)
Hestis SAS	Chairman (end of term 7 February 2014)
HSBC Assurances Vie	Director (end of term 18 May 2015)
KBO SAS	Chairman (end of term 25 February 2014)
Mister Assur SAS	Chairman (end of term 24 January 2014)
Owliance	Director (end of term 31 October 2012)

ODILE ROUJOL

Date of birth: 14 January 1968

BUSINESS ADDRESS

NEXT WORLD CAPITAL
SAN FRANCISCO
ÉTATS-UNIS

Main role in the Company

Odile Roujol was an Independent Director between 1 August 2013 and 31 January 2016. Her term of office was renewed during the General Meeting of 11 June 2014 and will expire at the close of the Annual General Meeting of 2020.

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

Main position outside the Company

- Consultant – Next World Capital

Professional experience/Management expertise

- Since November 2015: Next World Capital
- 2009 to 2015: Orange group
  - November 2013 to October 2015: Head of Client Strategy and Data, Orange France
  - April 2010 to October 2013: Head of Brand and Communication, France
  - 2009 to 2010: Head of Customer Marketing for Orange's general public businesses in France
- 1996 to 2009: L'Oréal group
  - 2006 to 2009: Chief Executive Officer at Lancôme International
  - 2005 to 2006: Deputy Chief Executive Officer at Lancôme International
  - 2003 to 2005: Deputy Chief Executive Officer – Deputy General Manager Senior-Vice President Marketing, Lancôme USA
  - 2001 to 2002: Chief Executive Officer for France, Lancôme
  - 1999 to 2001: Head of International Marketing for care and cosmetics, Lancôme
  - 1996 to 1998: Head of Make-up, Lancôme
- 1992 to 1995: Brand Manager then Head of Make-up – Yves Saint Laurent Parfums
- 1989 to 1992: Brand Manager – Bourjois

Current offices held

None

Terms held from 2011 to 2015 no longer held by Ms Roujol

None

FRANÇOIS SCHMITT

Date of birth: 06 March 1963

BUSINESS ADDRESS

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

Main role in the Company

François Schmitt has been a director since 30 June 2008. His term of office was renewed during the General Meetings held on 27 May 2009 and 18 June 2015 and will expire at the close of the Annual General Meeting of 2021.

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

Main position outside the Company

- Farmer

Professional experience/Management expertise

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

Current offices held

Served within the Group in France

Gan Patrimoine	Chairman of the Board of Directors	Since 20 May 2015
Groupama Holding	Director	Since 27 August 2008
Groupama Holding 2	Director	Since 27 August 2008
SCI Château de Cap de Fouste	Director	Since 25 November 2015
SCI Domaine de Nalys	Director	Since 10 December 2008

Offices held from 2011 to 2015 no longer held by Mr Schmitt

Served within the Group in France

Mutuaide Assistance	Chairman of the Board of Directors (end of term 14 February 2013)
SCI Château de Cap de Fouste	Member of the Supervisory Board (end of term 25 November 2015)

Served within the Group abroad

Groupama Assicurazioni Spa	Chairman of the Board of Directors (end of term 15 June 2015)

Served outside the Group in France

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

MARIA FRIGARA

Born 1 October 1954

BUSINESS ADDRESS

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

Main role in the Company

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

Main position outside the Company

- None

Professional experience/Management expertise

- Assistant in the Human Resources Department

Current offices held

None

Offices held from 2011 to 2015 no longer held by Ms Frigara

None

BRIGITTE HOMO

Date of birth: 06 November 1958

BUSINESS ADDRESS

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

Main role in the Company

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

Main position outside the Company

- None

Professional experience/Management expertise

- Coordination –Insurance Department

Current offices held

None

Offices held from 2011 to 2015 no longer held by Ms Homo

None

3.1.3 EXECUTIVE MANAGEMENT

The Company is managed by a CEO by resolution of the Company's Board meeting held on 18 December 2003 to separate the roles of the Chairman and the CEO and, from 14 December 2011 to 18 June 2015, a Deputy Chief Executive Officer appointed by the Board of Directors at the proposal of the CEO.

During its meeting of 18 June 2015, the Board of Directors acknowledged Christian Collin's wish not to stand for reappointment as Deputy Chief Executive Officer and decided, at the proposal of the CEO, not to replace him.

The Chief Executive Officer, Thierry Martel, is vested with the broadest powers to act on behalf of the Company under any and all circumstances. He exercises his authority within the limit of the corporate purpose and subject to the authority expressly granted to General Meetings and the Board of Directors and within the limits set by the bylaws and the Board of Directors (see section 3.2.1.4).

Thierry Martel is assisted by two Deputy Chief Executive Officers, Fabrice Heyriès, in charge of Human Resources, Finance, Legal, Audit and Risk business activities, and Christian Cochennec, in charge of Casuality in France and IT business activities, in office since 4 July and 1 October 2015 respectively.

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

THIERRY MARTEL

Date of birth: 25 October 1963

BUSINESS ADDRESS

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

Main role in the Company

Thierry Martel was appointed Chief Executive Officer of Groupama SA on 24 October 2011. His term of office was renewed by the Board of Directors during its meeting of 18 June 2015 and will expire at the close of the Annual General Meeting of 2021.

Roles outside the Company

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

Professional experience/Management expertise

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

Graduated from the École Polytechnique in July 1985.

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

Certified member of the Institut des Actuaires Français.

Current offices held

Served within the Group in France

Groupama Holding	Non-director Chief Executive Officer	Since 26 October 2011
Groupama Holding 2	Non-director Chief Executive Officer	Since 14 December 2012

Served outside the Group in France

La Banque Postale Assurances IARD	Vice-Chairman of the Board of Directors	Since 08 December 2011
	Director	Since 10 December 2009
Fonds Stratégique de Participations	Permanent representative of Groupama SA, director	Since 21 September 2015

Offices held from 2011 to 2015 no longer held by Mr Martel

Served within the Group in France

Amaline Assurances	Chairman of the Board of Directors (end of term 21 March 2012)
Gan Patrimoine	Non-director Chief Executive Officer (end of term 9 January 2012)
Groupama Banque	Permanent representative of Groupama SA, director (end of term 13 October 2011) then Vice-Chairman of the Board of Directors (end of term 9 February 2012)
Groupama Gan Vie	Non-director Chief Executive Officer (from 26 September to 28 November 2012)
Groupama Holding 2	Non-director Chief Executive Officer (from 26 October 2011 to 19 September 2012)
SGPS	Manager (end of term 12 June 2013)

Served outside the Group in France

Cegid Group*	Director (end of term 20 December 2011)
Société Générale*	Director (end of term 30 August 2013)

* *Listed company.*

3.1.4 STEERING COMMITTEE

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

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

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

3.1.5 GROUP EXECUTIVE COMMITTEE

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

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

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

3.1.6 RELATIONS WITHIN THE MANAGEMENT BODIES

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

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

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

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

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

3.1.7 CONFLICTS OF INTEREST IN THE MANAGEMENT BODIES

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

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

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

3.1.8 LACK OF SERVICE AGREEMENTS

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

Sections 3.2., 3.3. and 3.4. below are the Chairman's report, drafted pursuant to Article L. 225-37 of the Commercial Code and Article R. 336-1 of the Insurance Code. This report, which was approved by the Groupama SA Board of Directors in its meeting of 16 March 2016, is based on the information compiled under the authority of the Groupama SA Executive Management. It describes the corporate governance of Groupama SA, the rules adopted to calculate the compensation and other benefits granted to the corporate officers, the internal control system in effect in the Company at the end of 2015 and the Group's internal control system established by Groupama SA as a consolidating entity (subsidiaries) and a combining entity (subsidiaries and regional mutuals).

3.2 DISCLOSURES ON CORPORATE GOVERNANCE

3.2.1 BOARD OF DIRECTORS

3.2.1.1 Membership

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

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

During the fiscal year 2015, the composition of the Board of Directors was modified as a result of the appointment of Mr Laurent Poupart replacing Ms Annie Bocquet, on 27 May 2015. The appointment of Mr Poupart was ratified during the Combined General Meeting of 18 June 2015.

The average age of the directors is 57.

The proportion of female directors is 25% excluding the two directors elected by the employees (35.7% including them).

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

3.2.1.2 Duration and Expiry of Terms of Office

The duration of the terms of office of the directors appointed by the General Meeting is six years. These terms of office will expire during the 2021 Annual General Meeting for directors representing the majority shareholder, and, with respect to the Independent Directors, during the 2017 Annual General Meeting for Ms Caroline Grégoire Sainte Marie and Mr Bruno Rostain and during the 2020 Annual General Meeting for the term of office of Ms Odile Roujol, who resigned at the end of January 2016.

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

3.2.1.3 Responsibilities of the Board of Directors

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

In accordance with its corporate governance practices relating to mutual insurance, the Board of Directors has elected to separate the duties of Chairman from those of Chief Executive Officer. Executive functions will thus be entrusted to a non-director CEO.

3.2.1.4 Responsibilities of the Chairman of the Board of Directors

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

3.2.1.5 Authority Reserved for the Board of Directors

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

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

- use, by a vote by secret ballot, of the solidarity fund pursuant to the agreement on security and solidarity plans (an overview of this agreement appears in Note 44 to the consolidated financial statements –Related party transactions);
- termination of the agreement on security and solidarity plans at the initiative of Groupama SA.

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

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

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

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

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

3.2.1.6 Code of Corporate Governance

Although Groupama SA is an unlisted company, it applies the Code of Corporate Governance in force in France resulting from the AFEP-MEDEF recommendations. However, it does not apply some of its recommendations mainly because of the closed structure of its capital. Groupama SA's capital is now nearly 100% directly or indirectly held by the Groupama agricultural insurance and mutual reinsurance regional mutuals, and the Company has abandoned its planned public offering of capital. In 2015 as in 2014, the main exemptions from the recommendations from the Code of Corporate Governance in force were as follows:

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

Lastly, it is noted that the contract of employment of the Chief Executive Officer, Mr Thierry Martel, was suspended by virtue of his having served 21 years as an employee within the Company prior to his appointment.

3.2.1.7 Work of the Board in 2015

The Board of Directors met twelve times during the fiscal year 2015 (including the Board of Directors seminar, which was held in November following a half-day Board meeting), as in 2014.

The attendance rate of the members of the Board of Directors was 92%, compared to 97% in 2014, *i.e.* a high rate of participation among the directors. The Group General Secretary carried out the duties of Secretary of the Board.

In 2015, the Board deliberated mainly on the following issues:

- the parent company, consolidated and combined semi-annual and annual financial statements and the various reports required by the regulations;
- modification of the General Reinsurance Regulations between Groupama SA and the regional mutuals;
- modification of the agreement on security and solidarity plans;
- the reinsurance policy for 2016;

- the provisional audit plan for 2016;
- partnership projects;
- governance, with:
  - the assessment of the functioning of the Board of Directors,
  - the appointment of a new director,
  - the compensation of directors and corporate officers,
  - the renewal of the terms of office of the Chairman and of the Chief Executive Officer,
  - the implementation of governance under Solvency II;
- the financing of major programmes for 2016;
- the report on gender equality.

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

- the performance indicators for the Group's businesses and particularly the key management indicators;
- the implementation and adoption of the Group's strategic programme;
- the combined results forecasts for 2015 and the forecasts for 2016-2018;
- the half-yearly review of the balance sheet and the guidelines for the asset management policy;
- with respect to risk management: chiefly, the major risks affecting the Group and the Group's preparation for the implementation of the Solvency II standard, effective as of 1 January 2016;
- the project to have mutual insurance certificates issued by the regional mutuals;
- the review of and guidelines for the human resources policy;
- the financial environment and regulatory changes.

At the recommendation of the Compensation and Appointments Committee, the Board of Directors seminar was dedicated to the future of mutual insurance in the industry.

The 2015 financial statements were closed on 16 March 2016 by the Board of Directors, which also prepared the draft management report to which this report is appended and the text of draft resolutions to be presented to the General Meeting of Shareholders on 07 June 2016. The 2015 financial statements were submitted in advance to the Audit and Risk Management Committee, which reviewed them on 14 March 2016.

3.2.1.8 Internal Regulations of the Board of Directors

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

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

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

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

3.2.2 COMMITTEES OF THE BOARD OF DIRECTORS

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

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

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

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

3.2.2.1 Audit and Risk Management Committee

(a) Membership

In 2015, the Audit and Risk Management Committee was made up of five members appointed by the Board of Directors, including:

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

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

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

Secretary, who is also the secretary of the committee, accompanied by the Head of Legal.

(b) Responsibilities

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

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

(c) Activity in 2015

In 2015, the Audit and Risk Management Committee met eight times: 16 February, 10 March, 21 May, 10 June, 30 July, 17 September, 24 November and 9 December. The attendance rate was 95%.

In 2015, the work of the Audit and Risk Management Committee was focused on the following main topics:

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

- over the course of two meetings, the Committee reviewed the asset management policy looking back to 2014 and 2015 as well as forwards to the fiscal year 2016; this enabled it in particular to monitor the implementation of the Group's investment policy in an environment of low interest rates, as well as look at reinvestment flows and their impact on asset structures;
- the Committee reviewed the combined results forecasts for 2015 for Groupama and the operational strategy planning both for the Group and for its life insurance subsidiary for the period 2016-2018, as well as reviewing the pricing revaluations as at 1 January 2015;
- the Committee monitored the measures taken to improve the Group's profitability and solvency.

Legal monitoring of annual and semi-annual financial statements

- the Audit and Risk Management Committee reviewed the 2014 annual and 2015 semi-annual combined, consolidated and parent company financial statements before they were presented to the Board of Directors and submitted to the Board its opinion on the financial statements as well as the call price of the Groupama SA share; In doing so, it gave the Board its opinion on the management report, the solvency report and the investment policy, as well as on the Chairman's report on internal control and the reinsurance report for 2014;
- it also devoted two meetings during the year specifically to a review of the principles, rules and options adopted for the closure of the annual and semi-annual financial statements so as to prevent and anticipate any difficulties with the closure of the books;
- it gave its opinion on draft press releases relating to the annual and semi-annual financial statements and was consulted on the draft registration document for 2014, which was filed with the French Financial Markets Authority (AMF) on 23 April 2015 under number D15-0395.

Monitoring risk and solvency

- the Committee monitored the major risks affecting the Group, including those relating to the asset management and real estate business activity, on a half-yearly basis, and requested clarification on the risk of long-term care insurance specifically;
- it also reviewed the performance of the audit programme for the second half of 2014, the first half of 2015 and the second quarter of 2015, as well as the draft audit plan for 2016, the reports on major litigation under way within the Group, anti-money laundering and financing of terrorism activities, the reinsurance policy for 2015 and the prospects for renewal of the external reinsurance programme for 2016;
- it reviewed Groupama SA's off-balance sheet commitments;
- the Committee devoted four meetings to the Group's preparations for Solvency II, during which the following were presented for comment or for information, as applicable:
  - the Group's Solvency II results as at 31 December 2014 based on the quantitative requirements defined by Pillar 1,
  - the ACPR's request for approval of the partial internal model for non-life,
  - the transitional measurement of underwriting reserves for Groupama Gan Vie,
  - an update on the operational roll-out of Pillar 2 of Solvency II within the Group, relating to the qualitative requirements for risk control under the Solvency II supervisory system, the ORSA initiative (a process for the internal assessment of risks and solvency) and, for 2015, ORSA reports at Group and Groupama SA level, submitted to the ACPR,
  - the written policies submitted to the Board of Directors for approval,
  - the procedures setting out the conditions under which the Managers for key functions are able to act on their own initiative to inform the Board of Directors where situations arise making it reasonable to do so, before they are submitted for approval to the Board of Directors,
  - the requirements for Pillar 3 of Solvency II on the subject of *reporting* and supervisory and financial communication and their impact on the 2016 calendar for the different bodies within the Group.

Follow-up of statutory auditors' responsibilities

- the Committee reviewed the budget for statutory auditor's fees with respect to the fiscal year 2015;
- the statutory auditors presented their strategic audit plan to the Audit and Risk Management Committee, describing their responsibilities, the areas needing particular attention and their audit approach in response to the identified risks;
- the Committee approved the proposal for the renewal of the term of office of the statutory auditors for certain regional mutuals, in accordance with the recommendation of auditors charter applicable to the scope of the regional mutuals;

- it is further noted that at every meeting, the Committee heard the statutory auditors without the management being present.

Follow-up on certain financial transactions or projects

- the Committee examined partnership projects;
- it was informed about the renewal of the annual authorisation for the Company to issue bonds, the authorisation to use forward financial instruments to hedge the portfolio against equity, real estate and currency risks and the renewal of the annual authorisation given to the Executive Management regarding endorsements, securities and guarantees;
- an update was presented to the Committee on the subject of an international subsidiary;
- Finally, the Committee also defined its programme of work for the fiscal year 2016.

3.2.2.2 Compensation and Appointments Committee

(a) Membership

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

- 3 directors representing the Controlling shareholder: Mr Michel Baylet, Chairman of the Groupama Centre-Atlantique regional mutual, Mr Laurent Poupart, Chairman of the Groupama Nor-Est regional mutual and Mr François Schmitt, Chairman of the Groupama Grand Est regional mutual;
- 1 Independent Director: Ms Caroline Grégoire Sainte Marie, Chairman of the Committee.

The Chairman of Groupama SA and the Executive Management do not attend meetings of the Committee. Assisting as permanent members of the Committee are the General Secretary, who also serves as Secretary of the Committee, and the Deputy General Manager in charge of human resources, finance, legal, audit and risk business activities.

(b) Responsibilities

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

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

(c) Activity in 2015

During the fiscal year 2015, the Compensation and Appointments Committee met four times: 10 February, 26 May, 21 October and 14 December. Each time, the Committee presented a report on its activities to the Board of Directors. The attendance rate was 93.3%.

In 2015, the work of the Committee focused on the following main topics:

Status and compensation of corporate officers

- the Committee proposed a review of the variable compensation for 2014 for the Chief Executive Officer and the Deputy Chief Executive Officer and examined the results of the first phase of the multi-year performance plan;
- it reviewed the draft reference documents and the 2014 management report of Groupama SA relating to the compensation of directors and corporate officers and to corporate governance, as well as the compensation packages for 2014 to be submitted at the General Meeting on "Say on Pay";
- it presented the variable compensation scheme for the fiscal year 2015;
- it reviewed the personal protection scheme for corporate officers;
- it formulated an initial proposal for the quantitative and qualitative targets determining the variable compensation for the Chief Executive Officer for the fiscal year 2016.

Verification of independence

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

Training of directors

- the Committee proposed a training programme for 2015 and put forward an initial proposal for subject areas likely to be adopted for 2016.

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

- the Committee reviewed the results of the assessment of the operating method of the Board and the committees for the fiscal year 2014;
- it reviewed the draft questionnaire on the assessment of the work of the Board and the committees for the fiscal year 2015, outsourced this year to a specialist firm;

- it reviewed the application of the AFEP-MEDEF recommendations on corporate governance and directors' compensation on the reading of benchmarks on a set of French and European companies;
- it reviewed Groupama SA's written policy on criteria for integrity and competence, the purpose of which is to set out the rules and procedures in place within the Group enabling members of Boards of Directors, Workforce Managers and persons with responsibility for key functions to comply with the relevant legal and regulatory requirements;
- it reviewed the written policy on compensation, the purpose of which is to set the guiding principles for compensation applicable to all companies of the Group and Groupama SA.

Career management for senior executives and succession plan for Executive Management

- the Committee reviewed the process put in place by Groupama SA for managing talent and improving mobility with the Group. It also focussed on increasing the percentage of female executives in leadership positions;
- it took note of the proposed methodology for developing a succession plan for Executive Management.

Finally, the Committee also defined its programme of work for the fiscal year 2016.

3.2.2.3 The Agreements Committee

(a) Membership

In 2015, the Agreements Committee was made up of 3 members, including:

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

The Agreements Committee had been chaired by an Independent Director, Ms Odile Roujol, since 13 February 2014. Following her resignation at the end of January 2016, and pending her replacement, Mr Michel L'Hostis was appointed Chairman of the Agreements Committee during its meeting of 8 March 2016.

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

(b) Responsibilities

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

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

(c) Activity in 2015

During the fiscal year 2015, the Agreements Committee met four times: 12 February, 15 July, 23 October and 16 December. On each occasion, it presented a report on its activities to the Board of Directors. The attendance rate was 100%, as in 2014.

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

- the modification of the General Regulations on Reinsurance in force concerning the terms for pricing;
- the arrangements for the agreement on security and solidarity plans ahead of the implementation of Solvency II on 1 January 2016;
- the business relationships existing between the regional mutuals and the subsidiaries in the following areas: individual retirement savings and group protection with Groupama Gan Vie, legal protection services with Groupama Protection Juridique, credit insurance with Groupama Assurance-Crédit. The review of the agreements underlying these business relations revealed no potential conflict of interest;
- the financial support of Groupama SA for the Group's major national programmes in terms of the development of banking activity and of the programme for issuing mutual insurance certificates through the regional mutuals;
- the part of the draft Groupama SA 2014 registration document specifically concerning transactions with related parties and setting out the organisational and operating structure for economic relations between Groupama SA and its subsidiaries and the regional mutuals, specifically the justification for a mechanism to provide the regional mutuals with financial support in implementing Groupama SA's major national programmes.

The committee also examined the statement of agreements entered into by the directors, which revealed that none were cited in the statutory auditors' special report, as well as the summary list of regulated agreements to be included in this report. As such, and to enable the Company to comply with the new mechanism applicable to regulated agreements as introduced by order no 2014-863 of 31 July 2014, the Committee re-examined the agreements concluded previously and still effective during the fiscal year 2015, and proposed to the Board of Directors that they be renewed.

Finally, the Committee also defined its programme of work for the fiscal year 2016.

3.2.2.4 Membership of the committees

Since 08 March 2016, the membership of the committees of the Board of Directors was as follows:

Committee	Members
Audit and Risk Management Committee	■ Bruno Rostain, Chairman ■ Amaury Cornut-Chauvinc ■ Marie-Ange Dubost ■ Caroline Grégoire Sainte Marie ■ Jean-Louis Pivard
Compensation and Appointments Committee	■ Caroline Grégoire Sainte Marie, Chairman ■ Michel Baylet ■ Laurent Poupart ■ François Schmitt
Agreements Committee	■ Michel L'Hostis, Chairman (1) ■ Daniel Collay ■ Position vacant following the resignation of Odile Roujol

(1) Michel L'Hostis was appointed Chairman of the Agreements Committee during its meeting of 8 March 2016, replacing Odile Roujol, who resigned with effect from 31 January 2016.

3.2.3 ASSESSMENT OF THE BOARD OF DIRECTORS

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

Following two years of internal assessment, the 2015 assessment was entrusted to an external firm on the basis of conducting individual interviews. The firm used an interview guide, which was approved by the Compensation and Appointments Committee.

The results of this assessment were discussed at the Compensation and Appointments Committee Meeting of 7 March 2016 and at the meeting of the Board of Directors on 16 March 2016.

The directors emphasised that the operation of the Board of Directors met their expectations overall and that the Board of Directors was working in a spirit of cooperation, collegiality and efficacy, and that all members enjoyed considerable freedom of expression.

The membership of the Board of Directors and committees is well balanced and deemed satisfactory by the directors, who believe that all the necessary competences are in place.

The alignment of the directors and of the Executive Management on strategy and risk management and the trust that presides in their relationships are seen as a driver for the effective operation of the Board of Directors.

Information is deemed to be accessible and available. The Board of Directors invested heavily during 2015 in all matters relating to "Solvency II", an investment seen as very significant but essential.

The issues raised by the directors were used to determine areas for improvement which were then proposed to the Board of Directors for 2016, aiming in particular to improve scrutiny of certain elements, notably strategy, and to define new priorities in terms of training.

3.3 COMPENSATION PAID TO AND EQUITY INTERESTS OWNED BY DIRECTORS

In accordance with the recommendations of the Corporate Governance Code for listed companies revised in November 2015, calculation of the compensation due to corporate secretaries is the responsibility of the Board of Directors and is based on the proposals of the Compensation and Appointments Committee.

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

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

3.3.1.1 Compensation paid to the members of the Board of Directors

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

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

These directors' fees are paid quarterly.

For the fiscal year 2015, as part of the global package held at €980,000, the distribution between fixed and variable amounts is as follows:

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

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

Under these circumstances, and given the attendance of the directors in 2015, the variable portion of the directors' fees paid by Groupama SA tied to the attendance record outweighs the fixed portion.

Moreover, in 2015 certain Groupama SA directors received attendance fees as members of the Board of Directors of the holding company, Groupama Holding, the breakdown of which is summarised in the following table.

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

(Gross amounts before tax and social security contributions*)

	Directors' fees paid in 2015			Directors' fees paid in 2014		
Members of the Board of Directors	**By Groupama SA**	**By Groupama Holding**	**Total**	**By Groupama SA**	**By Groupama Holding**	**Total**
Jean-Marie Bayeul (until 17 June 2014)	-	-	-	61,155	22,140	83,295
Michel Baylet	63,698	44,280	107,978	65,070	44,280	109,350
Annie Bocquet (until 27 May 2015)	32,535	11,070	43,605	62,325	41,535	103,860
Daniel Collay	60,953	44,280	105,233	62,325	44,280	106,605
Amaury Cornut-Chauvinc	71,933	44,280	116,213	76,050	62,280	138,330
Marie-Ange Dubost (appointed 31 July 2014)	71,933	44,280	116,213	11,003	16,590	27,593
Maria Frigara (1)	-	-	-	-	-	-
Caroline Grégoire Sainte Marie (2)	91,620	-	91,620	87,503	-	87,503
Brigitte Homo (1)	-	-	-	-	-	-
Michel L'Hostis	63,698	44,280	107,978	60,953	44,280	105,233
Jean-Louis Pivard	74,678	44,280	118,958	76,050	62,280	138,330
Laurent Poupart (appointed 27 May 2015)	22,688	30,435	53,123	-	-	-
Bruno Rostain (2)	76,050	-	76,050	76,050	-	76,050
Odile Roujol (2)	56,835	-	56,835	55,463	-	55,463
François Schmitt	58,208	62,280	120,488	65,070	62,280	127,350
Groupama regional mutuals (3)	-	395,775	395,775	-	467,695	467,695
TOTAL	**744,829**	**765,240**	**1,510,069**	**759,015**	**867,640**	**1,626,655**

* *Gross Amounts before 21% tax levy and 15.5% social security contributions.*
(1) *Directors employed for a period of four years; they do not receive compensation for their term of office.*
(2) *Independent Directors appointed by the General Meeting for a period of six years.*
(3) *Directors' fees for directors who are Chief Executive Officers of regional entities are paid directly to their respective regional mutuals.*

3.3.2 COMPENSATION AND BENEFITS PAID TO CORPORATE SECRETARIES

3.3.2.1 Compensation

(a) Chairman

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

- gross annual compensation paid monthly over twelve months;
- rights to replacement income at the time of his departure representing 13.6% of his gross annual compensation, a plan identical to that of his predecessors. This plan is a defined benefits pension scheme (Article 83 of the French General Tax Code). A payroll tax of 20% on contributions is payable by the Company.

The annual annuity amount as at 31 December 2015 is estimated at €2,182.

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

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

Jean Yves Dagès (Chairman of the Board of Directors)	Fiscal year 2015	Fiscal year 2014
Compensation due with respect to the fiscal year *(detailed in the following table)*	294,451	320,453
Value of options allocated during the fiscal year	Not applicable	Not applicable
Value of restricted stock allocated during the fiscal year	Not applicable	Not applicable
TOTAL	**294,451**	**320,453**

Summary table of compensation *(Figures in euros)*

	Fiscal year 2015		Fiscal year 2014	
Jean Yves Dagès (Chairman of the Board of Directors)	**Compensation due**	**Compensation paid**	**Compensation due**	**Compensation paid**
Fixed compensation	259,200	259,200	259,200	259,200
Variable compensation	Not applicable	Not applicable	Not applicable	Not applicable
Extraordinary compensation	Not applicable	Not applicable	Not applicable	Not applicable
Director's fee	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in kind (1)	35,251	35,251	61,253	61,253
TOTAL	**294,451**	**294,451**	**320,453**	**320,453**

(1) The 2015 figure corresponds to the retirement contribution (€35,251); the figure for 2014 corresponds to the retirement contribution (€35,251) and to a housing benefit in kind (€26,002).

(b) Executive Management

The tables below show the compensation packages of the Chief Executive Officer and the Deputy Chief Executive Officer, Corporate Secretaries since the end of 2011. Since 18 June 2015, being the date of renewal of the terms of office of the Executive Management, the Chief Executive Officer, reappointed to his role, is the sole corporate officer serving the Executive Management, since the Deputy Chief Executive Officer did not wish to renew his term of office.

Note that the 2015 variable compensation of the Chief Executive Officer is calculated based on a target figure (100% of his fixed compensation) from quantitative criteria (60%) based on the achievement of key performance indicators (share of unit-linked assets and bank savings as a percentage of total assets under management, Group non-life insurance combined ratio, solvency margin on equity as at 31 December of the year) and three qualitative criteria (40%) based on strategy, on risk control and internal control, and on the practice of governance within the Group. The quantitative criteria, qualitative criteria and amounts are set by the Groupama SA Board of Directors on the recommendation of the Compensation and Appointments Committee.

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

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

Each year, if the targets are met, one third of the compensation package will be reserved; this share will only be paid out at the end of the three-year period if performance, reviewed each year, is achieved.

The full compensation package is paid when all the targets for each of the three years have been met. It is also paid in full when the targets are met at the end of the three-year period, even if targets for previous years have not necessarily been met, since the end-of-period targets will have been achieved.

Note that compensation for the first year can be revoked in the second year if performance during this second year is deemed to be insufficient; the same will apply for the third year. It is specified that the targets are assessed independently of each other. Further, there is no plan to pay compensation in proportion to the degree to which the targets are achieved.

In order to be paid the reserved amount, there is a presence condition by virtue of which the officer must still be effective in the function at the end of the three-year period. Accordingly, the plan concerns only the Chief Executive Officer.

The criteria used to measure achievement of the targets set for each year are the net recommendation index of individual customers (NRI) and the reduction in overhead expenses. The NRI measures the difference between the number of customers who would recommend Groupama and those who would not recommend it within the scope of the regional mutuals and Gan Assurances. Monitoring is carried out each year by way of surveys conducted by the Insurance, Banking and Services Department.

Chief Executive Officer

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

Thierry Martel	Fiscal year 2015	Fiscal year 2014
Compensation due with respect to the fiscal year (detailed in the following table)	1,167,170	1,139,399
Value of options allocated during the fiscal year	Not applicable	Not applicable
Value of restricted stock allocated during the fiscal year	Not applicable	Not applicable
TOTAL	**1,167,170**	**1,139,399**

Summary table of compensation *(Figures in euros)*

	Fiscal year 2015		Fiscal year 2014	
Thierry Martel (Chief Executive Officer)	**Compensation due**	**Compensation paid**	**Compensation due**	**Compensation paid**
Fixed compensation	632,245	632,245	600,000	600,000
Variable compensation	491,381	494,913	494,913	337,653
Extraordinary compensation	Not applicable	Not applicable	Not applicable	Not applicable
Director's fee	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in kind (1)	43,544	43,544	44,486	44,486
TOTAL	**1,167,170**	**1,170,702**	**1,139,399**	**982,139**

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

The Deputy Chief Executive Officer (until 18 June 2015)

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

Christian Collin (Deputy Chief Executive Officer)	Fiscal year 2015	Fiscal year 2014
Compensation due with respect to the fiscal year *(detailed in the following table)*	255,888	952,788
Value of options allocated during the fiscal year	Not applicable	Not applicable
Value of restricted stock allocated during the fiscal year	Not applicable	Not applicable
TOTAL	**255,888**	**952,788**

Summary table of compensation *(Figures in euros)*

	Fiscal year 2015		Fiscal year 2014	
Christian Collin (Deputy Chief Executive Officer)	**Compensation due**	**Compensation paid**	**Compensation due**	**Compensation paid**
Fixed compensation	234,849	234,849	500,000	500,000
Variable compensation	Not applicable	412,428	412,428	265,075
Extraordinary compensation	Not applicable	Not applicable	Not applicable	Not applicable
Director's fee	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in kind (1)	21,039	21,039	40,360	40,360
TOTAL	**255,888**	**668,316**	**952,788**	**805,435**

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

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

Name of the Corporate Secretary	Plan number and date	Nature of options (purchase or subscription)	Value of options according to the method used for the consolidated financial statements	Number of options awarded during the fiscal year	Strike price	Exercise price
Jean-Yves Dagès	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Thierry Martel	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Christian Collin	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

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

Name of the Corporate Secretary	Plan number and date	Number of options exercised during the fiscal year	Strike price
Jean-Yves Dagès	Not applicable	Not applicable	Not applicable
Thierry Martel	Not applicable	Not applicable	Not applicable
Christian Collin	Not applicable	Not applicable	Not applicable

3.3.2.4 Restricted stock awarded to Corporate Secretaries

Restricted stock awarded by the General Shareholders' Meeting during the year to each corporate officer by the issuer and by any group company (nominative list)	Plan number and date	Number of shares awarded during the fiscal year	Value of options according to the method used for the consolidated financial statements	Vesting date	Availability date	Performance conditions
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

3.3.2.5 Restricted stock vesting during the year for Corporate Secretaries

Restricted stock vesting for each corporate officer	Plan number and date	Number of shares vesting during the year	Terms of vesting
Not applicable	Not applicable	Not applicable	Not applicable

3.3.2.6 History of stock subscription or purchase option awards

Information about subscription or purchase options

Date of General Meeting	Plans
Date of Board of Directors Meeting	Not applicable
Total number of shares that may be subscribed or purchased, of which, the number that may be subscribed or purchased by:	Not applicable
Corporate officers	Not applicable
Jean-Yves Dagès	Not applicable
Thierry Martel	Not applicable
Christian Collin	Not applicable
Start date of exercise of the options	Not applicable
Expiry date	Not applicable
Subscription or purchase price	Not applicable
Exercise terms (if the plan includes multiple tranches)	Not applicable
Number of shares subscribed as at 31 December 2015	Not applicable
Total number of subscription or purchase options cancelled or expired	Not applicable
Stock subscription or purchase options remaining at year-end	Not applicable

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

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

3.3.2.8 Summary of the status of the Corporate Secretaries

	Employment Contract		Supplementary pension scheme		Compensation or benefits due or likely to be due as a result of termination or change of functions		Compensation relating to non-competition clause	
Corporate Secretaries	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Jean-Yves Dagès Chairman of the Board of Directors Start date of term of office: 14 December 2012 End date of term of office: 2021		X	X			X		X
Thierry Martel Chief Executive Officer Start date of term of office: 24 October 2011 End date of term of office: 2021	X (1)		X			X		X
Christian Collin Deputy Chief Executive Officer Start date of term of office: 14 December 2011 End date of term of office: 18 June 2015	X (1)		X			X		X

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

3.3.3 MEMBERS OF THE STEERING COMMITTEE

3.3.3.1 Compensation

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

Note that the Steering Committee has 12 members as at the end of 2015, not including the Chief Executive Officer, whose compensation package is indicated in section 3.3.2.1 (b).

(Figures in euros)	Year 2015 Gross amount paid during the year	Year 2014 Gross amount paid during the year
Members of the Steering Committee [(1)]	4,132,178	3,992,484
Average number of members during the year	11	11

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

3.3.3.2 Pension commitments made for the members of the Steering Committee

A defined benefits scheme (Article 39 of the French General Tax Code) was established by agreement on 26 June 2001 for the members of the Steering Committee; this agreement was amended by agreement on 22 March 2004, then by agreement on 5 December 2005.

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

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

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

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

Management of the scheme is outsourced; the scheme is financed by the Company, which pays the insurer an annual premium.

The annual annuity amount as at 31 December 2015 is estimated at €211,500 for the Chief Executive Officer and at €218,300 for the Deputy Chief Executive Officer.

A contribution of 32% on the annuities paid is payable by the Company.

The total liability as at 31 December 2015 was €16,809,842 for the members of the Steering Committee at that time.

3.3.4 ELEMENTS OF THE COMPENSATION DUE OR ALLOCATED FORTHE FISCAL YEAR 2015 TO EACH EXECUTIVE DIRECTOR OF THE COMPANY, SUBJECT TO VOTE BY THE SHAREHOLDERS

In accordance with the recommendations of the AFEP-MEDEF Code revised in November 2015 (Article 24.3), a Code to which the Company refers in application of Article L. 225-37 of the Commercial Code, the following elements of the compensation due or allocated to each executive director of the Company for the fiscal year now ended must be submitted for approval by the shareholders:

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

It is proposed that the General Meeting of 7 June 2016 (see Resolutions 6, 7 and 8 in section 7.3.2) issue an opinion on the components of the compensation due or allocated to each Director and officer of the Company for fiscal year 2015, namely:

- Jean-Yves Dagès, Chairman of the Board of Directors;
- Thierry Martel, Chief Executive Officer;
- Christian Collin, Deputy Chief Executive Officer until 18 June 2015.

3.3.4.1 Elements of the compensation due or allocated for the fiscal year 2015 to Jean-Yves Dagès, Chairman of the Board of Directors, subject to vote by the shareholders

It is proposed that the General Meeting of 07 June 2016 (6th Resolution) vote on the following elements of the compensation due or allocated to Jean-Yves Dagès, Chairman of the Board of Directors, for the fiscal year now ended.

Elements of the compensation due or awarded during the fiscal year now ended	Amounts or book value subject to vote	Comments
Fixed compensation	259,200	Annual gross compensation approved by the meeting of the Board of Directors held on 14 December 2012
Annual variable compensation	Not applicable	Jean-Yves Dagès receives no annual variable compensation.
Stock options, restricted stock and any other long-term remuneration elements	Not applicable	Jean-Yves Dagès has no stock options, restricted stock or any other long-term remuneration elements
Director's fee	Not applicable	Jean-Yves Dagès does not receive director's fees.
Value of benefits of any kind	Not applicable	Mr Jean-Yves Dagès is no longer in receipt of a housing allowance asof 1 January 2015.

Elements of the compensation due or allocated for the fiscal year now ended that are or were the subject of a vote by the General Meeting under the procedure for regulated agreements and commitments	Amounts subject to vote	Comments
Severance pay	Not applicable	
Non-competition compensation	Not applicable	
Supplementary pension scheme	35,251	Defined benefits pension scheme (also applicable to his predecessors) authorised by the Board of Directors on 14 December 2012 and confirmed on 19 February 2014. The amount indicated corresponds to the contributions (13.6% of gross compensation) paid by the Company in the previous year.

3.3.4.2 Elements of the compensation due or allocated for the fiscal year 2015 to Thierry Martel, Chief Executive Officer, subject to vote by the shareholders

It is also proposed that the General Meeting of 07 June 2016 (7th Resolution) vote on the following elements of the compensation due or allocated to Thierry Martel, Chief Executive Officer, for the fiscal year 2015.

Elements of compensation due or awarded during the fiscal year now ended	Amounts or book value subject to vote *(in euros)*	Comments
Fixed compensation	632,245	Annual gross compensation approved by the meeting of the Board of Directors held on 30 July 2015: 660,000 as of 18 June 2015 (of which the figure indicated is the prorated amount)
Annual variable compensation	491,381	Given the quantitative and qualitative criteria approved by the Board and the achievements recorded as at 31 December 2015, the amount of the variable portion was determined at the meeting of the Board of Directors held on 16 March 2016 based on recommendations from the Compensation and Appointments Committee on the basis of the following quantitative criteria (share of unit-linked assets and bank savings as a percentage of total assets under management, the Group's combined ratio for non-life insurance, solvency margin on equity as at 31 December 2015) and qualitative criteria linked to the Company's strategy and to governance.
Multi-year variable compensation	Valued at 50,026 (no payment in 2015)	With effect from 2014, a multi-year performance plan has been established for the period 2014-2016, the maximum amount of which is equal to 75% of the fixed compensation element. This compensation is subject to performance conditions determined on the basis of predefined quantitative objectives. Each year, if the targets are met, one third of the compensation package will be reserved; this share will only be paid out at the end of the three-year period if performance, reviewed each year, is achieved. In order to be paid the reserved amount, there is a presence condition by virtue of which the officer must still be effective in the function at the end of the three-year period. The criteria used to measure achievement of the objectives set for each year are the net recommendation index of individual clients and reduction in overhead expenses.
Stock options, restricted stock and any other long-term remuneration elements	Not applicable	Like all the executive directors of the Company, Thierry Martel has no stock options, restricted stock or any other long-term remuneration elements.
Director's fee	Not applicable	Thierry Martel does not receive Directors' fees.
Value of benefits of any kind	43,544	Company car benefit in kind, protection and healthcare and social insurance cover for company senior executives and Managers.

Elements of the compensation due or allocated for the fiscal year now ended that are or were the subject of a vote by the General Meeting under the procedure for regulated agreements and commitments	Amounts subject to vote *(in euros)*	Comments
Severance pay	Not applicable	
Non-competition compensation	Not applicable	
Supplementary pension scheme	No payment	Thierry Martel qualifies for the defined-benefits scheme for members of the Steering Committee. Note that the principle of the extension of this scheme to the corporate officers who are members of the Steering Committee was approved in the General Meeting of 29 June 2006, and that this extension was applied to Thierry Martel as approved at the meeting of the Board of Directors of 15 December 2011 and confirmed on 19 February 2014. ■ Eligibility for this scheme is subject to several conditions precedent, including the final completion of the career, the liquidation of all pension plans and the condition of being or having been a member of the Steering Committee for a minimum of five years. ■ The escalation of the rights is 2% per year of the average gross annual salary of the last 36 months (fixed portion + benefits in kind). ■ According to the terms of the contract, the annuity paid for this contract may not exceed 30% of the average gross annual compensation for the last 36 months (fixed and variable items, benefits in kind), keeping in mind that all basic, complementary and supplementary schemes must not exceed 50% of the beneficiary's gross annual compensation as defined above.

3.3.4.3 Elements of the compensation due or allocated for the fiscal year 2015 to Christian Collin, Deputy Chief Executive Officer until 18 June 2015, subject to vote by the shareholders

It is also proposed that the General Meeting of 7 June 2016 (8th Resolution) vote on the following elements of the compensation due or allocated to Christian Collin, Deputy Chief Executive Officer until 18 June 2015, for the fiscal year 2015.

Compensation elements due or awarded during the fiscal year now ended	Amounts or book value subject to vote *(in euros)*	Comments
Fixed compensation	234,849	Annual gross compensation (€500,000) approved by the meeting of the Board of Directors held on 15 December 2011. The amount indicated corresponds to the compensation allocated up until 18 June 2015.
Annual variable compensation	Not applicable	Christian Collin did not wish to renew his term of office with effect from 18 June 2015.
Multi-year variable compensation	Not applicable	With effect from 2014, a multi-year performance plan has been established for the period 2014-2016, the maximum amount of which is equal to 75% of the fixed compensation element. This compensation is subject to performance conditions determined on the basis of predefined quantitative objectives. Each year, if the targets are met, one third of the compensation package will be reserved; this share will only be paid out at the end of the three-year period if performance, reviewed each year, is achieved. In order to be paid the reserved amount, there is also a presence condition by virtue of which the officer must still be effective in the function at the end of the three-year period. Since Christian Collin was no longer Deputy Chief Executive Officer after 18 June 2015, the multi-annual plan therefore ceases to be applicable in his case.
Stock options, restricted stock and any other long-term remuneration elements	Not applicable	Like all the executive directors of the Company, Christian Collin has no stock options, restricted stock or any other long-term remuneration elements.
Director's fee	Not applicable	Christian Collin, Deputy CEO, does not receive director's fees.
Value of benefits of any kind	21,039	Company car benefit in kind, protection benefit in kink, healthcare and social insurance cover for company senior executives and Managers.

Elements of the compensation due or allocated for the fiscal year now ended that are or were the subject of a vote by the General Meeting under the procedure for regulated agreements and commitments	Amounts subject to vote *(in euros)*	Comments
Severance pay	Not applicable	
Non-competition compensation	Not applicable	
Supplementary pension scheme	No payment	Christian Collin qualifies for the defined-benefits scheme for members of the Steering Committee. Note that the principle of the extension of this scheme to the corporate officers who are members of the Steering Committee was approved in the General Meeting of 29 June 2006, and that this extension was applied to Christian Collin as approved at the meeting of the Board of Directors of 15 December 2011 and confirmed on 19 February 2014. ■ Eligibility for this scheme is subject to several conditions precedent, including the final completion of the career, the liquidation of all pension plans and the condition of being or having been a member of the Steering Committee for a minimum of five years. ■ The escalation of the rights is 2% per year of the average gross annual salary of the last 36 months (fixed portion + benefits in kind). ■ According to the terms of the contract, the annuity paid for this contract may not exceed 30% of the average gross annual compensation for the last 36 months (fixed and variable items, benefits in kind), keeping in mind that all basic, complementary and supplementary schemes must not exceed 50% of the beneficiary's gross annual compensation as defined above.

3.4 REPORT ON INTERNAL CONTROL

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

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

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

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

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

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

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

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

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

3.4.1 CONTROL ENVIRONMENT

3.4.1.1 Strategy

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

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

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

The strategic plan is defined for a period of three years: the work carried out in 2014-2015 resulted in the definition of the SOP for 2016-2018.

Its content covers the implementation of annual performance objectives including:

- the Group's combined ratio target, with notably:
  - execution of the operational plans managed by the Groupama SA Business Departments and by the companies,
  - achievement of the key business objectives by company and by business line: premium income, new business, loss ratio, overheads, combined ratio, etc.,
  - the policy income statements of the principal business lines of the Group's companies,
  - each company's contribution objectives to Group earnings;
- the regulatory solvency requirement based on indicators which include the capital requirements of Solvency II by business line within the France Non-Life scope.

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

- a preparation phase upstream of the Business Departments to analyse the environment and its outlook as well as the Group's situation with respect to each Business Line. This phase enables the creation of a framework for the entities;
- a quantification phase covering the three-year forecasts and action plans to be implemented in order to achieve them, carried out by each entity and shared during discussions.

National consolidation of objectives is approved by the Group's executive bodies.

Internationally, each subsidiary develops a Strategic Operational Plan in the same way as the other entities of the Group. The SOP is submitted to the International Subsidiaries Department for approval at business review time in October and to a special business review with Group General Management in early November before being included in Group consolidation.

3.4.1.2 Human resources (HR)

The responsibilities of the Group HRD cover three main areas:

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

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

  The Group HRD is also in charge of employee relations within the UES [(2)], with the aim of managing all information/consultation processes relating to the projects and activities of its member companies (Groupama SA, Groupama Gan Vie, Gan Patrimoine, Gan Prévoyance, Groupama Supports et Services, Gan Assurances);
- activities related to the HRD of the Groupama SA "company" involving internal checks to ensure that labour laws and regulations are properly enforced: compliance with legal and contractual obligations related to corporate dialogue, human resources development (diversity and non-discrimination, etc.), employment contracts, vocational training, occupational health, the production and transmission of statistics, legal reports, etc.;
- "Shared service centre" activities for all payroll operations and staff administration for eight Group companies including Groupama SA and 7,528 monthly payrolls in 2015 (*vs* 7,833 in 2014).

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

- for the recruiting mission, the Groupama-Gan-Recrute and Mouvy (internal mobility – career visibility) websites used by all its French companies enable, on one hand, increased efficiency of activities carried out to fill positions needed by the Group and improved image consistency and, on the other, provide a back-office platform for recruiters that meets the requirements for security, compliance, and traceability of applications. Note that in 2015, the two tools changed significantly as a result of the migration to SaaS mode (Software as a Service) which guarantees the integrity, security and confidentiality of data at all times;
- the GroupamaTalents application: this secure, dedicated IT tool is used for the collection and sharing of data (job descriptions, career history and development, portfolio of skills, etc.) required for conducting annual performance interviews (support integrated into the tool) and Company and Group-level personnel reviews (identification of key skills, sensitive positions and establishment of succession plans). GroupamaTalents now has 20,000 users in 31 Group companies. It includes all executives and virtually all of the companies have extended it to all personnel categories (management and non-management);
- collective programmes intended to increase operational efficiency and performance management of Groupama SA and Group employees. In this regard, a number of training initiatives were rolled out in 2015 on the following subject areas:
  - implementation of the Ambitions Groupama seminars which brought together over 1,000 executives and upper management staff between February and July 2015 to work on the Group's prospects during workshops dedicated to accelerating the implementation of the strategic programme and innovation management,
  - continuation of the community system dedicated to management implemented for all Managers of Group companies in France and abroad (8,000 staff identified) This programme is applied in the managerial approach of each company, with a view to supporting Managers in their daily activities and increasing their effectiveness,
  - a training programme for administrative and team assistants in light of their key role in the cross-functional and collaborative organisation of their activities (community of assistants, well-being in the workplace, better teamwork);
- implementation of vocational training reform with, on 31 December 2015, completion by the consultants of the HR Development team of 96% of the career reviews of Groupama SA employees;
- Group HRD prepares the work of the Technical Careers Committee, a body comprising the Chief Executive Officers of the regional mutuals and Groupama SA. It handles appointments, the identification of key skills and of sensitive positions and the establishment of succession plans for managerial positions during its monthly meetings;
- thanks to dedicated knowledge, Managers were able to lead team meetings on these topics for the deployment of the Group's Strategic Programme.

In 2015, Group HRD also assisted with the implementation of:

- follow-up of the action plans based on the results of the 2014 Group Opinion Survey in all companies in France and abroad. The HR teams simultaneously prepared the 2016 addition of the Opinion Survey which will be held from 24 March to 4 April 2016 and will enable the companies that chose to, to ask specific questions and analyse their results taking their organisation into account;
- the approach to promote the exchange of best practices within the HR support line with the identification of "HR references" by "HR area" in all of the French companies of the Group and the highlighting of the exchange and co-construction process to increase professionalism and performance. A collaborative HR

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

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

Community network will open in February 2016 to develop and lead the exchanges;

- "HR and Digital" work groups bringing together HR Managers from all of the companies for operational work on the impacts of digitisation, and notably on the following subjects: Organisation and work time; New skills, new business lines; the Transformation of the Manager's role; Computerisation of management and payroll; Internal social networks, HR performance. They began work in July 2015 with road maps describing the work to be done on each topic. A first status update was given at the Comop HR seminar in mid-October 2015 and new work objectives were set for 2016.

For the second consecutive year, Group HRD also carried out social projects in the consolidated scope related to the obligations for transparency and non-financial reporting covered in the Grenelle II law (publication in the management report of information related to social impacts-organisation of work, labour relations, diversity, etc.). Note that after audit and verification by the statutory auditors, Groupama successfully obtained a certificate of participation as well as an attestation of sincerity (for 2014). In 2015, the reliability of social security data was increased by the implementation of a new tool (Datahub) which enables small French and international subsidiaries which are not included in the SIPGRH scope (Système d'Information de Pilotage Groupe des Ressources Humaines) to send their information automatically and securely *via* a computerised process.

Lastly, in 2015, in accordance with the provisions of the Solvency II Directive, the remuneration policy was approved by the Board of Directors of Groupama SA for the Group and Groupama SA. This approach was also deployed in all of the regional mutuals and insurance subsidiaries of the Group.

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

3.4.1.3 Monitoring of subsidiaries

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

- Group Finance Department for financial subsidiaries;
- Insurance and Group Services Department for the non-life insurance subsidiaries, the French services subsidiaries, Groupama Banque and Groupama Support and Services;
- Groupama Gan Vie Executive Management for the life insurance subsidiary and the Gan Patrimoine and Gan Prévoyance distribution subsidiaries;
- International Subsidiaries Department for foreign subsidiaries.

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

(a) Activity monitoring and financial reporting

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

This approach is based on a process of management planning that is common to all entities. It is implemented and coordinated by the Group Financial Control Department and is based on core Group standards for developing forecasts, approved by the Executive Management and updated regularly. The process consists in establishing results forecasts twice a year for the following three fiscal periods and of two updates to the forecasts for the first fiscal period of the three-year period.

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

Before the close of each fiscal year, the Group Financial Control Department carries out additional monitoring and compiles an analysis of provisioning levels for each company in relation to the Group's standards for provisioning. The upshot of the analysis is the preparation of a report for Executive Management.

In addition to this monitoring process, business reviews are conducted twice a year for Group subsidiaries in France and abroad, involving the Executive Management of Groupama SA and the management of the subsidiaries, with the participation of the Group Financial Control Department, the management of the French subsidiaries or of the International Subsidiaries Department, as applicable.

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

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

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

The business reviews include a specific "risk" section which presents the level of deployment of the internal control system and the main activities under way in the area of risk management by entity.

(b) Management of assets/liabilities and the investment strategy

As the central body, Groupama SA is responsible for defining the Group's investment strategy which describes the ways in which the assets of the French and international subsidiaries are allocated.

Groupama SA is in charge of the operational implementation of the Group strategy by subsidiary and, potentially, by canton (for the French subsidiaries).

The investment strategies of the regional mutuals are consistent with the investment strategy defined by the Group.

The structural framework of the system for the management of assets-liabilities and for investment transactions (overall organisation and risk management system) is formalised within the Group and Groupama SA assets-liabilities and Investment Risk management policy approved by the Board of Directors of Groupama SA on 27 May 2015.

The main steps of the assets-liabilities analysis process and investment strategy definition.

The Group Investment Department, which is responsible for defining the Group investment strategy within the Group Financial Department, calls on the expertise of the various entities and departments of Groupama SA when necessary:

- Groupama Asset Management, Groupama Immobilier and external Managers for market analyses;
- the financial and Actuarial Departments of the various entities for information related to the liabilities of each entity.

The main steps of the Group's assets-liabilities analysis process and of the definition of the investment strategy described below, are adapted to each entity based on their objectives and governance.

The investment strategy is based on:

- on one hand, the assets-liabilities analyses done based on the stakes involved for each company or portfolio and, notably, on:
  - forecasted cash flows, taking into account technical cash flows (defined using liabilities information provided by the entities) and financial cash flows (defined based on financial asset flows and any capital transactions), which enable assessment of investment needs and any cash gaps,
  - assets-liabilities analyses carried out based on the stakes involved which can take into account an assessment of portfolio liquidity and the liquidity risks in central scenarios and stress scenarios (stresses at the asset and liability levels),
  - the potential change in returns with respect to liabilities requirements (minimum guaranteed rate, technical rates, financing of management expenses, return assumptions),
  - the study of duration gaps,
  - the solvency constraints of the entities and sensitivity studies resulting from ORSA work with different market scenarios,
  - anticipated accounting impacts in local standards and particularly provisioning risks (provisions for depreciation and amortisation, provisions for financial contingencies, provisions for liquidity risk),
  - anticipation of IFRS impacts (particularly LAT tests);
- on the other hand, on expert analyses, taking into account the precautionary margins required for ALM conclusions and:
  - market forecasts for valuations and the risks and returns expected from different asset classes,
  - the consumption of risk limits and the analysis of portfolio risks,
  - competition analyses.

The analyses identify:

- the main portfolio arbitrages;
- investment directions by major asset classes;
- hedging requirements;
- recommendations for the liabilities policies of the entities (subscription policy in particular).

Investment strategy formalising and approval

Based on the work described above, the Group Investment Department then formalises the Group investment strategy which defines the following:

- strategic allocation at Group level and for the main portfolios (stock);
- flow forecasts and allocations to the flows;
- changes in strategy by asset class;
- policies specific to derivative products;
- investments in new asset classes;
- risk budgets (capital losses budget, hedging budget, IFRS income budget, policy for capitalisation reserve provisions and reversals).

The Group Investment Department ensures that the strategy complies with the Group's risk limits. Following the compliance check, the Group investment strategy is approved by:

- the Group Executive Committee;
- the Group Audit and Risk Committee;
- the Groupama SA Board of Directors.

Following validation of the Group investment strategy, the Investment Department implements the strategy in:

- each French subsidiary;
- each international subsidiary;
- certain contractual and regulatory cantons (for the French subsidiaries).

At the Groupama SA subsidiary level, investment strategies are approved by financial committees or Asset Allocation Committees based on the organisation.

At the regional mutuals level, investment strategies are approved by the investment committees in accordance with the Group investment strategy.

(c) New product development

The development of new products and of any upgrades that change their economic balance is formalised as part of a standard process which takes into account the structure of the Group, for property and casualty and life products of all the Group entities (see point 3.4.5.5 b).

3.4.2 INTERNAL CONTROL

3.4.2.1 Internal control principles and objectives

Internal control is a system implemented by the Group to ensure:

- application of the instructions given and directions set by Executive Management;

- compliance with laws and regulations, general practices and codes of good conduct for the activities of the Group;
- the proper functioning of the internal processes and rules of each company, notably those intended to safeguard the Group's assets;
- the reliability of financial information;
- management of all types of risks to which each company is exposed;

and, generally, a contribution to managing its activities, operations efficiency and the effective use of resources.

Beyond compliance with regulatory obligations, the implementation of an internal control system is a strategic issue for Groupama which is essential to protecting its interests, customers, partners, members, shareholders and its employees and, potentially, its existence in the case of a major event.

Given this context, the general principles, objectives and organisation of the internal control of the Group and Groupama SA have been defined in a policy which was approved by the Groupama SA Board of Directors on 27 May 2015. The policy is the common reference point with which Group entities must comply when deploying their internal control systems.

Given that audit is a component of internal control, a Group and Groupama SA audit policy completes the provisions of the internal control policy for its own operating rules and areas of intervention. Risk management policies and a compliance policy defining the overall framework for the implementation and operation of the compliance system within the Group completes the internal control system. The policies were approved at the Board of Directors meetings of 27 May, 18 June and 30 July 2015.

All of the Group's entities and departments of Groupama SA take part in, or lead preparatory work, for the coming into effect of Solvency II.

In 2015, the Group continued its implementation of Pillar 2 of Solvency II with four projects covering essential aspects of Pillar 2: organisation and governance, risk policy and risk management approach, process and risk mapping and the permanent control plan, and change management.

The deliverables for these projects are currently being implemented throughout the Group's entities with methodology support and operational follow-up of the deployment by the Group Permanent Control/Compliance Department (in cooperation with the International Subsidiaries Department for the subsidiaries in question).

The overall internal control system has been enriched with additional projects notably addressing the quality of the data used for the three pillars of Solvency II (see point 3.4.5.3), the development and implementation of an asset risk limits system (see § 3.4.5.2), the gradual implementation in the French subsidiaries of the community operational risk management tool OROp, the updating of the Group Business Continuity Plan (approved by the Board of Directors of Groupama SA on 27 May 2015) and its implementation within the Group's entities (see § 3.4.5.13 below).

Work continued on risk management in 2015, notably with preparatory work for ORSA and the operational implementation of the system to limit asset risks. This enabled the Group entities to better understand their exposure to risk and their risk profile, to structure and develop their assessments and to measure the short- and long-term impact on their solvency.

This approach is part of a global continuous improvement process.

It is inspired by best practices in the matter such as COSO 2 and Enterprise Risk Management (ERM) and takes into account, in addition to control activities, all risks to which the Group may be exposed, the global management of these risks and their inclusion in the management of the business (risk strategy, risk tolerance, risk profile, risk assessment systems, reporting, etc.).

Lastly, the Group ethics procedure, laid down in Groupama's ethics charter, defines the Group's business ethics commitments and principles and sets out rules of conduct for its employees. The ethics charter has been approved by Groupama's Executive Committee. It has been implemented in the Group's French companies following an information and consultation process with the employee representative bodies of each entity and in the international companies in line with the procedures and systems specific to each company. The Ethics Committee is responsible for following up on ethics-related issues in the Group and meets twice a year. A draft revised ethics charter was presented in committee in November 2014. It takes into account changes in the Group and the operating environment. Certain sections of the charter were reinforced, in particular those on values, the duty to provide advice, the prevention of corruption and fraud, the freedom of expression of employees subject to the preservation of the Group's neutrality (also applicable to the use of social networks) and the transformation of the role of the Committee, which may rule on any CSR-related subject as well as on ethics. The new version of the charter was approved by the CGE on 21 April 2015 and will take effect following an internal information and consultation process which began in the second half of 2015 in France and internationally (*via* its own systems). The Committee met on 26 March and 18 November in 2015. It was presented with the main trends in annual Group CSR reporting [1] and the draft Group CSR strategy for 2016-2018.

3.4.2.2 Organisation of Internal Control

(a) At Group level

Principles of organisation

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

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

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

In line with regulatory requirements regarding key functions, the risk management and permanent control/compliance functions are separated within the Group Audit, Risk and Control Department.

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/Compliance Department focuses primarily on conformity, operational and image risk management and is also responsible for approving the partial internal model.

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;
- track the Group's general risk profile;
- report on exposure 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.

GROUP RISK MANAGEMENT DEPARTMENT (DRG)

The Group Risk Management Department had a dedicated team of seven people at the end of 2015. Its main responsibilities are the:

- development of the Group's risk management policy and coordination of risk policies by area with the owners of the risks in question;
- definition of the process for setting the Group's risk tolerance;
- development of the asset risk limit system and monitoring of the system within the entities;
- implementation of the ORSA process (Own Risk and Solvency Assessment: internal assessment by the Company of its risks and its solvency situation);
- monitoring of major Group insurance and financial risks (RMG);
- contribution to prudential reports: EIOPA requests, IAIS requests (systematic risks), etc.;
- assessment and rating of insurance and financial risks, including sensitivity analyses and stress tests;
- assistance to Group entities for the implementation of the insurance and financial risk management system.

In 2015, the major tasks undertaken by the teams in the Group Risk Department focused on:

- the continuation of the Risk Tolerance project:
  - review of the main overruns of asset limits and any dispensations for all of the regional mutuals, French and international entities,
  - adaptation of the limits to international specificities,
  - development of the risk management policy;
- continued deployment of the RACR (Regulatory Capital-Adjusted Profitability) project with the inclusion of the non-life business of the Italian subsidiary in the process;
- the internal evaluation during 2015 of risks and solvency (ORSA: Own Risk and Solvency Assessment) for the preparation of the market for Solvency II, with the submission of a preparatory report by Groupama Group and the Group's French insurance companies to the ACPR in September 2015.

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

  They were produced based on the assumptions used as at 31 December 2014, taking into account the contra-cyclical measurement (Volatility Adjustment) and the application of the transitional measurement of underwriting provisions of Groupama Gan Vie in line with the planned requests for options to the ACPR. Likewise at Group and Groupama SA level, the assessments also integrate the internal model approach, in line with the request for pre-application of the internal model for non-life and non-SLT health underwriting risk with a view to its use from 2016 in the calculation of regulatory solvency.

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

  The ORSA reports were produced based on common assessment methodology principles and on a generic report provided by the Group Risk Department, which is used by the entities as the basis for the preparation of their final report.

  Both at Group level and in the French entities, the ORSA process and the ORSA report have been presented regularly throughout 2015 and as work has progressed, with approvals sought at each stage from the Steering Committees of Groupama SA and the entities concerned (Group and entity Risk Committees and Specialist Risk Committees). These points enabled validation of the approach, of the assumptions and of the results of the second preparatory exercise.

  The Boards of Directors, notably *via* the audit and Risk Committees (or of accounts for certain entities) were involved throughout the ORSA process: from validation of the stress scenario assumptions used through approval of the reports (the latter were approved before forwarding to the ACPR when the schedule allowed).

  Internationally, the Italian, Greek, Portuguese, Romanian, Hungarian and Bulgarian subsidiaries met the requirements of their local supervisor with respect to ORSA preparation;
- the assessment of major insurance and financial risks carried out as part of the ORSA assessment work and the internal assessment campaigns led by the Group Risk Department.

GROUP PERMANENT CONTROL/COMPLIANCE DEPARTMENT (DCPCG)

The Group Permanent Control/Compliance Department (DCPCG) had a dedicated team of ten people at the end of 2015. Its main responsibilities are the:

- development of the Group's policies for internal control, management of operational and compliance risks and business continuity (BCP);
- development of Group standards (mapping of processes, of operational risks and of permanent control plans and supervision of the system within the entities);
- monitoring and assessment of operational risks (related to the management of processes);
- project ownership of the community tool for the management of operational risks (OROp), managing in particular the collection of permanent control results, the incident database and the assessment of operational risks;
- implementation of internal control for the Groupama SA entity;
- monitoring of the system within the entities;
- definition and implementation of the compliance policy;
- data quality, in terms of governance and the control plan;
- responsibility for internal approval of the internal model;
- support for the Group's entities for the implementation of 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.

In 2015, the major tasks undertaken by the teams in the Group Permanent Control/Compliance Department focused on:

- support and monitoring for the roll-out of the Group Pillar 2 deliverables in the Group entities;
- assessment of operational risks using Group nomenclature and the Group assessment methodology whose guidelines and organisation within the Group were formalised during the second half of 2015 as part of the Group and Groupama SA operational risk management policy;
- development and gradual production release in the French Group companies of the OROp community operational risk management tool based on a shared methodology providing, over time, a consolidated overview of Group-wide risks and meeting the security and tracking requirements for permanent controls;
- coordination of the Group's compliance initiatives particularly in connection with the strengthening of regulatory requirements regarding customer protection and unclaimed life insurance contracts;
- development over the second half of 2015 of internal control, Group Compliance, Group remuneration and subcontracting policies (see section 3.4.3.1) approved by the Groupama SA Board of Directors on 30 July 2015;
- updating of the Group's Business Continuity Plan, its practical implementation and monitoring of tests within the entities;
- updating the document reference system;
- management of the network of risk and internal control officers appointed within each company, and the organisation of meetings to share experiences among the Group's companies, which include, in addition to regular working groups (see below), frequent subject-specific and discussion workshops on operational risk and permanent control, business continuity and internal fraud and compliance, for companies in France.

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

- coordinating the Group risk governance system, particularly *via* the Group Risk Management Committees, by risk category (insurance, financial and operational) (see below);
- strengthening the Group risk culture particularly with:
  - the continuation of *ad hoc* actions in the Group's various entities, relating to Solvency II, its impacts, preparation of the Group for its application and the essential nature of internal control and risk management,
  - Regular workshops on the specific topics detailed below,
  - regular updates to a document portal dedicated to Risk and Control, which is intended to share the Group references and standards in the area of risk management and permanent control/compliance;
- the annual internal control survey. The purpose of this self-assessment questionnaire is to ascertain the status of the risk management and internal control systems and their level of deployment (at both entity level and Group level) and to uniformly measure the progress of the Group's entities in their preparation for the future requirements of Pillar 2 of Solvency II and the level of compliance with Group standards. This status assessment gives rise to the development and monitoring of improvement action plans.

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

GROUP GENERAL AUDIT DEPARTMENT

The objectives and principles of operation and intervention of the Group General Audit Department and of the internal audit function and the coordination between the various levels of control (permanent control, internal audit in the entities and Group General Audit) are formalised in the internal Group and Groupama SA internal Audit policy developed in 2015 and approved by the Groupama SA Board of Directors on 27 May 2015.

The Group General Audit Department operates across the entire Group with a staff of twelve auditors. The Group General Audit Department's 2015 audit plan was approved by the Groupama SA Board of Directors in December 2014. It is built around a three-year audit approach for each company of the Group and also incorporates audits of the Group's cross-functional processes.

The general audits of entities conducted in 2015 by the Group General Audit Department focused on four regional mutuals, two insurance subsidiaries, one financial subsidiary, two commercial subsidiaries and two international subsidiaries. The standards defined for financial investments with respect to asset risk limits, developments in the area of SOP and RACR (Regulatory Capital-Adjusted Profitability) and the work carried out for the deployment of Pillar 2 of Solvency II complement the audit mechanism by ensuring more effective targeting of the investigations and thus more specific recommendations on the processes under review.

The cross-functional audits focused on the process for handling automobile accident claims and on the management of serious, non-automobile claims. The goal of the audits was to identify the best practices of the Group's entities to reduce the cost of claims *via* better management of contract appeals issued and received from opposing insurance companies then *via* preventive and proactive management of serious non-automobile claims. The good practices are intended to be added to the rules and procedures of the Group and widely deployed. The Groupama SA business lines in question are responsible for managing the action plans implemented to meet the recommendations issued by the Group General Audit Department.

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

At the end of 2015, the Group's audit team had more than 80 auditors across Groupama SA, the regional mutual and the Group's subsidiaries in France and abroad.

The exercise and coordination methods for the responsibilities of the key internal audit functions of the entities were formalised in the dedicated policies approved in 2015 by the Boards of Directors of most of the Group's entities in line with the principles of the Group and Groupama SA internal audit policy.

The subsidiary is managed principally *via* agreements and a working group (WG).

The Audit Working Group, made up of Audit Managers from the regional mutuals and the French subsidiaries, met on 26 March and 22 October 2015. The principal topics covered were the roll-out of Pillar 2 in the Group, the quarterly monitoring of the cross-functional audit recommendations of 2014 (monitoring of claims and the prevention of fraud) and the organisation of the 2015 cross-functional audits as well as the changes expected from a more integrated tool for the monitoring of the recommendations from the internal audits to the entities and Group and the monitoring of the audit plans related to risk mapping work.

Risk Committees

The bodies dedicated to risk management enabling Groupama SA Executive Management to carry out regular monitoring of the main risks encountered at Group level are the Group Risk Committee, the Group committees specialised by risk family (Financial Risks, Insurance Risks and Operational Risks) and the Capital Management Committee.

GROUP RISK MANAGEMENT COMMITTEE (CRG)

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

Its missions consist in validating the risk management policy and the policies for each risk family, notably by setting limits for major risks and by identifying the means to manage risks, reviewing and monitoring the management of major Group risks and reviewing the work of the Group's Insurance, Financial and Operational Risk Committees.

During 2015, this committee met twice to approve the work prepared by the specialist Risk Committees (see CRFG, CRAG and CROG above) with, in addition to the monitoring of the major Group risk control actions, particular attention on:

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

GROUP COMMITTEES FOR SPECIFIC CATEGORIES OF RISK

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

The main responsibilities of these committees are to:

- monitor the implementation of policies and strategies by risk family;
- monitor exposure to risks and their management;
- coordinate the actions of departments and entities impacted by risk management;
- issue an opinion on measures intended to limit risks proposed by the Group Risk Management Department and/or the Group Permanent Control/Compliance Department or the Departments owning the risks and propose complementary measures for risk reduction;
- monitor proper application of risk limits by the entities;
- report on risks to the Group Risk Committee.

GROUP FINANCIAL RISK COMMITTEE (CRFG)

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

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

The committee met three times during 2015 (April, July and November). The main topics covered were:

- review and approval of the written policies for Capital Management and Asset/Liability and Investment Risk management;
- review of the Major Financial Group Risks (RMG);
- monitoring of the main financial risks and the associated financial policy put in place;
- operational monitoring of the system for risk limits on financial assets in the Group entities and review of overruns and any dispensations;
- changes in the risk limits system intended to better integrate the solvency constraints of the entities;
- analysis of the solvency ratios of the Group and entities;
- the ORSA approach (assumptions, stress tests, etc.) and results;
- Groupama SA investment principles;
- the status of and/or information about the economic situation and developments in Greece, the liquidity of Groupama Banque, changes in limits resulting from TLTRO (Targeted longer-term refinancing operations), and Italian debt.

GROUP INSURANCE RISK COMMITTEE (CRAG)

The Group Insurance Risk Committee consists of the head of the Insurance, Banking and Services Department (Chairman), the heads of the Insurance and Agricultural Business Departments, SOP Management and Coordination, the Reinsurance Department, the Group Actuarial Department, the head of Audit, Risks and Control Department, the head of Risk Management and representatives of the International Subsidiaries and Groupama Gan Vie. It is tasked with proposing the policy and rules governing the acceptance and retention of insurance risks. Its responsibilities are:

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

The Committee met three times during 2015 (April, May, November). The main topics covered were:

- review and approval of the written Subscription & Provisioning and Reinsurance policies;
- work on the second ORSA preparatory exercise;
- the review of work relating to the internal non-life model;
- review and plans for control of major insurance risks;
- the capital allocation work (RACR (Regulatory Capital-Adjusted Profitability) and its impacts on target premiums/claims ratios and the SOP initiative);
- strategies for the 2016 external reinsurance programme;
- monitoring of new products;
- follow-up points for the Dependency risk, the Group retention level by risk, implementation of the sanctions clauses plan.

GROUP OPERATIONAL RISK COMMITTEE (CROG)

This committee consists of the Managers of the Groupama SA departments who "own" the major operational risks identified (see section 3.4.5.13). It is chaired by the Group Audit, Risks and Control Director. Its responsibilities are:

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

The committee met three times during 2015. The main topics covered were:

- review of and management plans for major Group operational risks;
- monitoring and validation of policies, notably for internal control and the management of operational risks and Business Continuity Plans submitted to the Board of Directors of Groupama SA;
- the results of the test of the IT recovery plan implemented by G2S for the Group's entities;
- monitoring of the handling of unclaimed funds at Groupama Gan Vie;
- monitoring of the deployment of the OROp community operational risk management tool;
- regulatory changes related to customer protection and their impact on the Group;
- implementation of the permanent control plan and monitoring of the Business Continuity Plans within Groupama SA.

CAPITAL MANAGEMENT COMMITTEE

The main responsibilities of this committee are:

- approval of the capital management policy;
- monitoring of the implementation of the capital management plan;
- monitoring of Group solvency risk;
- approval of internal risk assessment and of solvency for all Group entities and the Group.

The role of this committee with respect to financing and solvency is detailed in points 3.4.4.1 and 3.4.5.12.

Cross-functional committees

In addition to the specific Risk Committees (CRG, committees specialising by category of risk and the capital Management Committee), the head of the Group Audit, Risks and Control Department chairs two cross-functional committees which enables them to coordinate two important areas related to control of the Group's risks: the partial internal model and data quality.

INTERNAL MODEL GROUP COMMITTEE (CGMI)

The Internal Model Group Committee (CGMI), coordinated by the Group Actuarial Department (responsible for modelling) and by the Permanent Control/Compliance Department (responsible for independent validation of the model), is a discussion and decision-making body for the departments working on or impacted by the internal model. As such, it takes an active role in the process of validating and changing the internal model. Its responsibilities are defined and detailed in an internal model policy. It reports to the Group Insurance Risk Committee which plays a consulting and steering role. It reports to the Group Risk Committee which is the final decision-maker for major changes to the model.

GROUP DATA QUALITY COMMITTEE (CGQD)

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

(b) Within the entities

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

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

The first two systems are adapted to each entity based on its organisation, activities and resources and the local regulations abroad, under the authority of its Executive Management.

In terms of governance, the French entities subject to Solvency II rules have informed the ACPR of their executives and key function Managers. Likewise, in line with the Group model, the entities hold special Risk Committee Meetings on a regular basis. Based on the written policies of the Group and Groupama SA approved by the Board of Directors of Groupama in May, June and July 2015 (see § 3.4.5.1 below), the entities have developed their own written policies which were approved by their Board of Directors in the second half of 2015 or will be finalised in the first half of 2016.

The identities identify and assess their major risks and share them with the Risk and Permanent Control/Compliance Departments as part of the annual major risks assessment campaign. The system of limits on financial assets implemented based on the Group system, is operational in all of the entities.

Integration of the permanent control plans is in progress within the OROp community tool based on the Group methodology. The goal for France is to finalise operational implementation by the end of 2016. The tool also enables the collection of incidents, the assessment of operational risks and the management of action plans.

Monitoring of the progress of all preparatory work for the coming into effect of Pillar 2 is shared during the Risk Management and Control working groups (RC WG of the regional mutuals, French and International subsidiaries) of the entities (see point 3.4.2.2 d) and is the subject of regular reporting to the Steering Committee/ Group Executive Committee.

Implementation within the Group is complemented by:

- regular workshops on specific topics (ORSA, risk assessment methods, asset risk limits, the development of risk scenarios, etc.);
- Steering Committee Meetings with each entity (2 to 3 times a year);
- bilateral interviews on specific topics such as:
  - investment risks (asset limits and overruns) with the departments owning the financial risks (group and entities) and the risk and control departments (group and entity),
  - risk assessment within the framework of the annual major insurance, financial and operational risk collection campaign.

In 2015, the Group's French entities subject to the requirements of Solvency II prepared and submitted their second preliminary ORSA report in September 2015, in accordance with the ACPR's requirements. Internationally, the Greek, Italian, Portuguese, Hungarian, Romanian and Bulgarian subsidiaries met the requirements of their local supervisor with respect to ORSA preparation;

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

(c) Within Groupama SA

In addition to the entities and GIE Groupama Supports et Services, implementing the internal control system at the level of the functional and operational activities of Groupama SA is the responsibility of the different officers in charge of these activities under the authority of the Steering Committee. The area of responsibility of each of these Managers is determined by the delegations of authority approved. Implementation of the Groupama SA corporate internal control system is managed by a specific function reporting to the Group Permanent Control and Compliance Department. This Manager works with a network of correspondents in the business line and functional departments of Groupama SA. As is the case for the other Group entities, Groupama SA corporate has a Manager responsible for Information Systems Security and a BCP Manager. Responsibility for the four key functions of Groupama SA corporate is held by the Managers of Group key functions.

(d) Groupama Working Groups ("WG") and workshops

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

The Control and Risk Management WG

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

- share Group standards, references and methodologies for the identification, assessment and management of risks and those related to permanent control/compliance;
- share updates about the future Solvency II regulations, the impacts of their application, the work and Group deliverables of the Pillar 2 project, as well as methods of roll-out;
- provide a summary of the work conducted in connection with the topical workshops on operational risks, the BCP, compliance and internal fraud;
- provide information on the main Group projects in progress: regulatory capital-adjusted profitability, assessment of financial, insurance and operational risks, the operational risk management tool, the Business Continuity Plan, internal risk and solvency (ORSA) assessment (see below);
- share experiences and good practices;
- review the results of the self-assessments carried out annually for risks and internal control and dialogue on the priority actions to be carried to deploy Pillar 2.

The Control and Risk Management WG of the regional mutuals and French subsidiaries met four times in 2015, in January, April, June and October.

The Control and Risk Management WG for international subsidiaries met twice during the fiscal year 2015 (April and October). As for the other entities of the Group, during 2015 the topics covered in the discussion forums focused in particular on the monitoring and assessment of risks, compliance, the roll-out of the permanent control plan, deployment of the OROp community tool, the BCP and ORSA. In addition to the working groups, regular follow-up meetings are held jointly with the International Subsidiaries Department at least quarterly.

As well as these meetings, regular subject-based workshops are held with the French Groupama SA subsidiaries and the regional mutuals which report to the WG (see above, point 3.4.2.2 a) and *ad hoc* working groups are set up by the Risk and/or Permanent Control/Compliance Departments, reporting to the WG on common issues such as:

- improvement of the methodology to assess operational risks;
- the formalising of standard practices sheets for business continuity;
- assistance with the configuration and use of the OROp tool;
- development of an IT requests database to optimise control operations (for example, contracts effective retroactively, accounting adjustments, etc.);
- definition of a group methodology for the implementation of a level 2 control plan, from preparation to implementation, including the principles for the creation of the results analysis, assessment and presentation report.

In 2015 and 2014, preliminary work for the second ORSA (Own Risk and Solvency Assessment) preparatory exercise was conducted in plenary meetings for training on and in-depth understanding of the topic by Group entities and the Group Risk Department. They were completed by bilateral interviews. Additional support specific to each entity was also provided by the Group Finance Department when the quantitative assessments were released (Solvency II situation as at 31 December 2014, outlook or under financial stress).

A Group Compliance workshop was held in January 2015 specifically for non-compliance risks. It focused on the following topics:

- claims processing (Customer Satisfaction Improvement approach related to the recommendations of the cross-functional audit dedicated to claims processing carried out in 2014 at French Group insurance companies, updating of the claims handling process and upcoming changes to Mediation);
- the current legal and regulatory situation (laws applicable to the Group's activities, infra-annual cancellation and information about the freedom to choose a repairer);
- the customer protection questionnaire (analysis of the questionnaires sent to the ACPR for the 2013 fiscal year, Group answers proposed for the 2014 fiscal period);
- presentation and points addressed during the ACPR Conference of 4 November 2014.

In addition to this workshop, a meeting was organised by the Group Permanent Control/Compliance Department in September 2015 on the missions delegated to the Manager of the "Compliance Verification" Key Function within the context of the Group Compliance Policy approved on 30 July 2015 by the Board of Directors of Groupama SA (see section 3.4.3.1). The following points were discussed at the meeting:

- the principles of organisation and implementation of the "Compliance Verification" Key Function;
- customer protection and management of corresponding non-compliance risks;
- management of conflicts of interest;
- the rules governing Ethics in the Group.

The Steering and Management Control WG

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

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

SUB-GROUP ON TECHNICAL RESERVES

It aims to monitor and analyse the level of technical reserves of the regional mutuals. The Group Management Control Department prepares recommendations about reserves, particularly methods, tools and standards. In particular, the sub-working group's main mission in recent years was to steer and coordinate the convergence of technical reserves toward the Group standards. It consists of representatives of the regional mutuals, of the Financial Department (Group Financial Control Department, Group Actuarial Department) and of the Business Departments.

SUB-WORKING GROUP ON OVERHEAD EXPENSES

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

The Accounting, Taxes, Consolidation WG

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

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

Other than the subjects regularly presented and discussed by the Steering and Management Control WG and the Accounting, Taxes, Consolidation WG, 2015 offered the opportunity for a number of interactive discussions and feedback sessions on the work associated with the coming implementation of Solvency II as well as on the preliminary steps required by the regulators.

The Regional Mutuals Reinsurance WG

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

International Subsidiaries Reinsurance WG

A WG meets once a year and brings together the reinsurance specialists of each international subsidiary around the DCER to review the key topics of the moment (SCR Cat calculation methods, retention limits, conflagration calculation) and establish data quality methods and their reporting.

3.4.3 COMPLIANCE

3.4.3.1 Group Compliance policy

On 30 July 2015, the Board of Directors of Groupama SA approved the Group Compliance policy aimed at ensuring Group compliance with all legislative and regulatory texts, with standards laid down by the supervisory authorities and with the professional practices the Group is subject in its various activities.

This policy presents the organisation implemented to achieve this objective and the organising framework of the system for managing risks of non-compliance, *i.e.*:

- the arrangements put in place in the Group in agreement with its strategy and in keeping with its risk appetite;
- the roles and responsibilities of the key actors at the Group and company levels.

The Group Compliance policy applies to all companies of the Groupama Group both in France and abroad, respecting the rules of proportionality (nature of activities and associated risk policy, size, workforce, etc.) as provided for in Directive 2009/138/EC, regardless of whether they are subject to Solvency II or to any equivalent legislation/regulations. In this context, each of them shall:

- appoint a person in charge of the key function "compliance verification";
- draft its own compliance policy based on the Group Compliance policy by adapting it in accordance with the proportionality principle;
- implement the drafted Compliance policy.

The risk of non-compliance is a cross-group operational risk, and the non-compliance risk control system is one of the essential components of internal control organised within the Group.

Compliance essentially covers the themes pertaining to the Group's core business, *i.e.*, non-life insurance, life insurance, banking, asset management and real estate governed notably by the Insurance, Monetary and Finance, Consumer, and Commercial Codes, the General Regulation of the AMF, as well as the regulations issued by the supervisory authorities these activities are subject to. In this context, the main themes and risks covered are as follows:

- the protection of customers;
- the fight against money laundering and terrorist financing;
- ethics and professional conduct as well as management of conflicts of interest;
- professional secrecy;
- protection of personal data, including medical data;
- internal fraud.

Group Compliance supports, advises and controls the formalisation and the implementation of the rules laid down by the functional and Business Departments of Groupama SA:

- Group Legal Department in the areas of regulatory and legal monitoring (compliance with the provisions of the Codes of insurance, trade, consumption, tax regulations, insurance products, etc.) and the Group's internal standards, particularly for the monitoring of delegation of authority, regulations on the fight against money laundering, and compliance with the provisions of the data protection act. It acts in a cross-functional advisory capacity in the implementation of projects in its areas of competence, takes an active part in professional bodies and communicates the position of the business within the Group. Lastly, through its training activities it helps to promote the legal culture in the Group and to raise awareness among the operational functions to comply with applicable regulations;
- Group Finance Department in terms of compliance with the provisions of the Insurance Code, the AMF and the Monetary and Financial Code;
- Insurance, Banking and Services Department in terms of approval of new products to deliver the required opinions, and procedures included in the scope of the compliance verification function;
- Group Human Resources Department, in particular with regard to the management of conflicts of interest;
- Group Tax Department in terms of deployment of the US regulations "FATCA" (Foreign Account Tax Compliance Act);
- External Communication Department, to protect the image and the reputation of the Groupama Group;
- International Division, for the systematic implementation of the compliance verification function in each international subsidiary, in accordance with local laws and rules.

Each department is the owner of the non-compliance risk in its area.

3.4.3.2 Compliance of business activities with laws and regulations

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

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

(b) Application of corporate regulations

The objective of the social dialogue conducted in 2015 with employee representative bodies (information, consultations) and with trade unions (negotiations) was to adapt the contractual provisions to the economic and financial context which has made it necessary to pursue a cost control policy while preserving the quality of the employees' social status.

- The agreement on diversity and equal opportunities, which applies across the Group, was in 2015 subject to a triennial review leading to the signing on 24 June of an unanimous amendment (with the exception of one trade union which had not signed the original agreement).

  The main objectives of this agreement as revised are to:

  - harmonise practices for integrating employees with disabilities and keeping them employed;
  - establish support measures for employees helping families;
  - promote work/life balance by further taking into account the family situation of employees;
  - promote professional equality.
- In terms of optimisation of the various representative bodies, a plan to create a "European Group committee" was launched in 2015, the objective being to eliminate the Group committee and the European Works Council in its current configuration in 2016, with a view to simplifying the current functioning and make the social dialogue more efficient across the Group (France and Europe).
- At the inter-company level covering the agricultural mutual insurance scope, the negotiations carried out during 2015 continued to apply to the changes in the Groupama National Agreement (ANG) regarding the staff regulations of 10 September 1999, with a view to modernising it and making it legally secure, one of the objectives also being to streamline the work and the resources allocated to trade unions to organise national social dialogue.
- The recent laws on growth and activity of 6 August 2015 ("Macron" law) and on social dialogue and employment of 17 August 2015 ("Rebsamen" law) are an opportunity for the Group and its companies to consider:
  - increased flexibility that can be obtained in terms of employee savings plans;
  - possible simplifications in terms of collective labour relations such as for example a merger of the employee representative bodies by majority agreement, recurring obligations to consult the works council and organisation of mandatory negotiations around three major themes.

- The law of 5 March 2014 on professional development, employment and social democracy makes it possible to resume the negotiation (which started after the previous reform in 2009 and was suspended in 2012 because of the new reform that was expected) of a framework agreement at the Group level on this issue.

  For the companies, this will contribute to a better guarantee of protecting employment and the employees' careers, without negatively affecting the companies' competitiveness as they are also faced with significant changes in their activities and their business in the era of digital transformation.

  In addition to the measures established to ensure guaranteed compliance with labour laws and regulations by the Group and its companies, the Group Human Resources Department (DRGH) took actions in 2015 aiming to:

  - guarantee the reliability and effectiveness of payroll and staff administration operations by means of a service contract with the Administration and Payroll Shared Services Centre with:
    - permanent control of payroll and social security declarations, using specialist software hosted in part by a supplier to ensure security of the employee database. Access to the data is fully protected. Note that the outsourcing of the payroll in early 2015 has made it possible to improve the stability of the information systems of the Shared Services Centre and enabled an optimisation of processes and operational practices,
    - tracking and monthly reporting on all operations (administration, working hours and discussion platforms with employees) in the shared OROP tool, to enable permanent control;
  - support the Group companies in the implementation of the Economic and Social Database (BDES), which contains new sources of economic and social information arising from the law on secure employment of 14 June 2013;
  - provide the companies, thanks to this database, with all the information needed for them to inform and consult with the works councils on their three-year strategic plans, which were defined as part of the roll-out of the Group Strategic Plan for 2014-2018;
  - reinforce the Group agreement "Quality of Life at Work (QVT)", concluded in February 2011, with the signature by the trade unions of an amendment dated 10 October 2014, by the labour unions and change the role and the composition of the Committee for Quality of Life at Work.

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

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

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

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

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

As part of the reform of professional development (law of 5 March 2014), Groupama University supports the roll-out of this within the various Group entities.

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

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

- monitoring and 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, underwriting, execution and termination of insurance products, etc.);
- necessary anticipation of new regulations relating to the insurance business and support in their implementation, particularly recommendations from the French Prudential Control Authority (ACPR) on advertising in the area of life insurance, the new definition applicable to objective categories of employees for collective insurance, the implementation of the National Interprofessional Agreement with the extension of health coverage to all employees on 1 January 2016 and the portability of guarantees, and the changes in the case law applicable to the recommendation clauses in sector agreements, changes in responsible contracts (individual and collective health, the social and solidarity economy law with its provisions applicable to mutual insurance certificates, the Eckert escheat law with a more stringent requirement to seek for deceased insured individuals and beneficiaries, the relationships with the CDC to be put in place, the calculation of post-mortem interest and the creation of the FICOVIE database, as well as the IDD and PRIIPS Community legislation affecting the sale of non-life and life insurance in the short term, etc.);
- information (notes, circulars, working groups, distribution of a quarterly bulletin of legal information in connection with customer protection);
- approval of new insurance policies developed by the businesses as well as modifications made to existing policies (MRH and health contracts, long-term care policy, agricultural contracts, multi-risk corporate policies, etc.) or developed by Groupama Gan Vie (pensions and savings policies, death insurance, new temporary unit-linked policies, real estate investment schemes, etc.);
- 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), particularly in relation to the creation of mutual insurance certificates and the work of the legal function within the project, the development of the multi-channel business and the move towards digitisation in the customer relationship in life and non-life insurance, the implementation of the National Interprofessional Agreement (analysis of collective national agreements, etc.);
- relations with the administrative supervisory authorities (Prudential Supervision and Resolution Authority, Orias, DGCCRF (the French General Directorate for Fair Trading, Consumer Affairs and Fraud Control), competition authority, rights advocate) and support in the framework of these controls and their potential consequences for the insurance business.

It manages or contributes to working groups established on legal subjects and, in some cases, is responsible for creating them (Group Insurance Legal Committee; Personal Life Insurance Legal Committee; Group Insurance and Personal Life Insurance Disputes/Claims committees; WG on marketing unit-linked policies; Quality WG; Group Compliance Workshop; Brokerage WG; Digital Signature WG; Hamon law WG, etc.).

It also organises and coordinates training for French insurance entities of the Group and their distribution networks and particularly the network of brokers who market Groupama Gan Vie's Group insurance: training on non-life insurance, group insurance and personal life insurance: matrimonial property regimes, beneficiary clauses, Madelin agreements, insurance bases, third-party liability, non-payment of premiums, the legal environment applicable to customer protection and the implementation of the duty to advise and the pre-contractual information obligation, and actions to raise awareness of the marketing of savings products and the future Community regulations IDD (Insurance Distribution Directive) et PRIIPS (Packaged Retail and Insurance-based Investment Products).

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

Lastly, it participates in the work of the FFSA (Distribution Committee, Legal Committee, FFSA WG, etc.), the GEMA and the AFA (life, collective, Europe committee) and prepares reports for the departments concerned, ensuring the communication of the position of the business in connection with, for example, the implementation of new regulations. In this regard, during the fiscal year 2015, the most significant working groups in which the insurance legal function participated related to the implementation of the SEPA system, the preparation of the new ACPR questionnaire applicable to customer protection, the digitisation in the customer relationship and changes in regulations, the implementation of the ACPR recommendations on communication relating to life insurance, the law on unclaimed life insurance policies and in the context of the Community legislation IDD and PRIIPS, the compensation policy for the networks, the prevention and management of conflicts of interest, the KID (Key Information Document), PRIIPS, etc.

(e) Compliance with customer protection rules

In accordance with ACPR instruction 2012-I-07 of 13 December 2012, the application of customer protection rules and their integration into the internal control system are now presented in a dedicated questionnaire that must be communicated to the supervisory authority each year. The questionnaire for the fiscal year 2014 was sent to the ACPR by the relevant Group entities no later than 30 June 2015 after approval by their respective Boards of Directors.

Concerning financial year 2015, the new Instruction of 2 October 2015 no 2015-I-22 relating to the questionnaire on commercial practices and protection of customers defines the updated version of the report to be submitted to the ACPR in this respect. By way of derogation, the regulator allows the companies subject to this this Instruction to submit it on 30 September 2016 at the latest. The Group has now started the corresponding work to ensure that the Group companies concerned will be able to provide the ACPR with all expected information.

In 2015, the work carried out by the Group Compliance Department (see above, 3.4.2.2 d), reported in workshops and *ad hoc* meetings of the governance bodies, essentially focused on themes directly related to customer protection.

With regard to the on-site controls carried out by the ACPR in Groupama Gan life on unclaimed life insurance policies, Groupama Gan Vie and the Group have made sure that the requests from the ACPR have been included in *ad hoc* action plan and that it has been actively followed up.

(f) Application of tax regulations

The Group Tax Department is in charge of monitoring, securing and optimising the tax situation of the Group and its entities, with regard to business taxes (corporate tax, corporate value added tax, VAT, etc.).

Tax Consolidation System

The Group Tax Department within the Group Finance Department ensures that the tax consolidation rules are applied (Article 223A *et seq.* of the General Tax Code) for the Group formed for tax consolidation purposes by Groupama SA, as parent company, the regional mutuals, the holdings, Groupama Holding and Groupama Holding 2, and its subsidiaries owned for more than 95%.

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

Procedures for documentation and electronic archiving in the area of electronic accounting

The Group Tax Department, in cooperation with the different Group entities, helps to define and monitor the implementation of documentation and archiving procedures with respect to electronic accounts, as required under tax law, particularly as part of dedicated "CFCI" (Electronic Accounting Tax Audit) committees for each French entity.

Automatic exchange of tax information (FATCA/CRS/DAC)

- As an extension of the FATCA regulations (Foreign Account Tax Compliance Act), the OECD with the standard "Common Reporting Standard" (CRS) and the European Union with the revision of the

DAC Directive (DAC: Directive for Administrative Cooperation, a type of de "European FATCA") have respectively adopted plans relating to automatic exchange of tax-related information.

Under the fight against corporate tax evasion and harmful tax competition, the OECD on 15 July 2014 adopted a standard for automatic exchange of tax information relating to financial accounts. On 29 October 2014, 52 jurisdictions, notably France, signed a multilateral agreement in order to implement this standard.

In parallel, the European Union on 9 December 2014 adopted the revised Directive for Administrative Cooperation (DAC), by which the Member States undertook to automatically exchange all financial information for tax purposes in accordance with the OECD's new international standard.

These measures are scheduled to apply from 1 January 2016 with exchange of information at the latest in March 2017 (CRS) and in September 2017 (DAC).

In France, the implementation of these measures is included under the supplementary Finance Bill for 2015 and the decree of 5 October 2015 authorising the Public Finances Directorate General (DGFIP) to implement an automated processing of an automatic exchange of financial information for tax purposes called "EAI".

- The implementation of these plans within the Group is followed up by the FATCA/EAI Steering Committee coordinated by the Group Tax Department.

  In 2015, the Group's FFI (Foreign Financial Institutions) met their reporting obligations linked to the FATCA regulations, with the exception of certain subsidiaries abroad, for reasons relating in particular to local regulations, and which are in the process of being rectified.

  After the identification of their "US person" customers in their stocks (*i.e.* contracts underwritten before 30 June 2014) as well as in their contracts signed since 1 July 2014, the Group's FFI are obliged to provide French tax authorities with information on these customers and their contracts.

(g) Financial Ethics

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

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

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

An organisational chart on the prevention of money laundering and terrorist financing (AML/FT) 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 exercising vigilance, and specifies the system to be applied for control and risk monitoring.

In this context, the Group Legal Department:

- monitors changes in regulatory and professional provisions in the matter and provides support and assistance to the relevant Group entities in developing their plans;
- promotes the harmonisation and consistency of procedures, the dissemination of good practices and inter-professional exchanges, and ensures the coordination of the network of Group anti-money laundering officers in the form of periodic meetings, regular communications and a newsletter;
- presents half-yearly performance indicators to the Executive Management and prepares an annual report for the Board of Directors of Groupama SA on the actions carried out within the Group;
- manages various IT projects, conducted with the support of the Project Management Department of the Insurance, Banking and Services Department, to equip the Group companies concerned with systems to automate the vigilance required by law.

  The following are operational in the companies concerned: a tool for identifying sensitive individuals in customer databases (Vigiliste), a single database of suspicious activity reports (VigiDS), as well as a tool for profiling the customer relationship established on a risk-based approach (Vigiprofil), enabling the detection of anomalies for the banking and life/savings activities.

  2015 was marked by the finalisation of the deployment of the Vigiprofil tool in the Group's life/savings activities and by work to develop and increase the reliability of the Vigiliste and VigiDS tools. In order to strengthen the risk coverage (new practices of money launderers, Tracfin recommendations, etc.) in the life and banking activities in the Group, 21 developments are already recorded in Vigiprofil, 11 of which apply to the creation or developments of existing scenarios;
- manages the implementation of training on anti-money laundering and financing of terrorism. In 2015, the awareness education *via* e-learning designed by the Group was revised, modernised and updated. The new version has been available on the Arobase platform since May 2015;
- manages working groups dedicated to operational monitoring organised with representatives the relevant departments of Groupama SA, Groupama Gan Vie, Groupama Banque, the regional mutuals and the distribution subsidiaries, as well as the Central Committee for guidance and monitoring of the fight against money laundering and terrorist financing in charge of monitoring and coordinating the actions carried out by the various functions and entities involved in this area.

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

Concerning regulatory and professional developments, the Group in particular worked on the following issues in 2015:

- the national alerts relating to "Politically Exposed Persons –PEP" in the context of the entry into force of the directive on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, called the "fourth directive";
- adapting the selection criteria for cash transactions in the Vigiprofil scenarios of Groupama Gan Vie in order to take into account changes in the Monetary and Financial Code and the lowering of the threshold for the ban on cash payments;
- analysing the two decisions of penalties in the area of fight against money laundering for life insurance activities (Mutuelle d'Ivry La Fraternelle, Generali Vie) imposed by the ACPR Enforcement Committee. In this context, Groupama Gan Vie, after examining these decisions, has identified action plans to strengthen the compliance of the corresponding AML/FT system. Some of these improvements were deployed already in 2015, others will be deployed in 2016.

(i) Protection of medical data

Work on credit life insurance has led the partners (ministry, banks and insurers, patient and consumer associations, etc.) to append to their first agreement, known as the Bélorgey agreement, a Code of Good Conduct detailing the measures that must be put into place in relation to the procedures for collecting, processing, distributing and archiving personal medical data. This bill was approved by the CNIL (French Data Protection Authority) and appended to the law of 4 March 2002 relating to patient rights. It was renewed without amendment in the appendix to the two AERAS agreements that succeeded the Bélorgey bill in January 2007, February 2010, and September 2015 (introducing provisions on the "right to oblivion").

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

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

The most recent survey confirmed the commitment of the companies and the high level of compliance on the part of the Group to the aforementioned provisions of the Code of Good Conduct, and highlighted five new areas for improvement: increasing the security of management offices and methods of communication and improving the reliability of medical consultancy functions responsible for maintaining confidentiality and procedures authorising personal health data, rules that must be observed when performing IT tasks.

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

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

Also in the area of protection of medical data, the consultations carried out between the CNIL (French Data Protection Authority) and the professional organisations (FFSA, GEMA, FNMF, CTIP, CSCA) led to the publication in November 2014 of an "insurance compliance pack". The standards laid down in this pack, which insurance organisations and brokers must abide by, include the obligation to comply with the Code of Good Conduct appended to the AERAS agreement with regard to collection and use of data relating to the state of health for the purpose of underwriting or executing insurance contracts, and also set different preservation periods for medical data according to whether the contract is signed or not.

Following the publication of this pack, various communication was made (in 2013 and 2014) by the Group's CIL team to the network of data protection internal correspondents ("CRILs") of the Group's companies or correspondents directly impacted by these measures (particularly concerning the protection of medical data in terms of the fight against fraud by the distribution of a specific guide in June 2015), to ensure that the companies comply with the new standards defined by the CNIL.

(j) Delegation of authority

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

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

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

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

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

The Group Executive Committee (GEC) meeting of 22 November 2006 decided to appoint a Group Data Protection Correspondent (CIL) to represent the Group on the CNIL (French Data Protection Authority). This CIL position has been in place since March 2007, acting for Groupama SA and 43 Group entities (regional mutuals and French and overseas subsidiaries), compared with 42 entities in 2014 because of the appointment of the CIL for Groupama Gan REIM (portfolio management company for alternative investment funds which structures, develops and manages real estate investment vehicles).

The responsibilities of the CIL are:

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

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

In 2015, the CIL drafted and sent the eight annual mandatory report for financial year 2014 to the Groupama SA Executive Management. The CIL presented this report to the General Secretary of Groupama SA and sent it to the Chief Executive Officers of Groupama SA, the regional mutuals and subsidiaries. The report has been submitted to the CNIL.

The primary initiatives undertaken by the CIL in 2015 were:

- circulation of a guide "Sensitive data processing: fighting insurance fraud" intended for Human Resources Managers, to the fraud correspondents and internal controllers in these networks, as well as to the executive management of the entities, the network of CRILs, and to the HR Operating Committees;
- circulation of an FAQ-type document that includes 10 recommendations relating to the collection and processing of personal data in the context of a BCP (Business Continuity Plan), to the network of the Group's BCP correspondents, Human Resources Managers and the network of CRILs;
- review and circulation in December 2015 of the guide "Marketing – Data Protection" to the network of CRILs and the Marketing and Sales Departments;
- continued work on developing a guide to "Sensitive Data: Medical and Health Data" to integrate the obligations arising from the insurance compliance pack published by the CNIL in November 2014 and those that should be set out in the European rules on personal data protection expected in the first quarter of 2016;
- continued work on the production of an e-learning tool on the protection of personal data intended for all employees of the Group and available through the Groupama University platform;
- coordinating training and/or awareness actions on personal data protection:
  - training new primary correspondents and their substitutes, appointed in 2015,
  - holding the twice-yearly meetings for primary correspondents,
  - increasing awareness among a network of around 70 people both at Groupama SA (in particular Human Resources Managers and Information System Security Managers) and in the subsidiaries.

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

- at Cofintex6 in the area of processing data from remote surveillance of property;
- at Présence Verte in the area of processing data from remote surveillance of individuals;
- at Groupama Grand Est in the area of processing implemented in the context of the fight against money laundering and terrorist financing;
- at Groupama Méditerranée in the area of processing implemented in the context of car insurance;
- at Groupama Banque in the area of processing of granting and management of bank loans; this audit launched end-2015 will continue in early 2016.

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

- 2013: Gan Patrimoine;
- 2014: Groupama Gan Vie, Gan Assurances;
- 2014-2015: Cofintex6;
- 2014-2015: Présence Verte.

The action plans relating to audits conducted at Mutuelle Gan Interentreprises was closed in 2015 following the compliance actions undertaken.

A compliance review of the processing of Groupama Gan REIM was carried out and the reporting formalities completed.

A compliance review of the processing implemented by the Groupama Health Foundation was carried out, and compliance actions for reporting formalities, review and update of information notices regarding persons were launched.

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

The CIL has undertaken significant actions *via* various professional bodies (UDA, AFEP, FFSA, AFCDP) in order to influence regulatory changes relating to personal data protection, in particular the future European regulations, the Axelle Lemaire draft law, and the nullification of Safe Harbor.

The CIL took part in work with professional organisations in the banking sector with a view to creating a "banking" compliance pack by the CNIL. This work enabled the CNIL to publish a single authorisation in November 2015 (AU-045) relating to access to the National register for the identification of individuals (RNIPP) by the institutions in the banking and financial sector subject to obligations relating to inactive bank accounts and inactive safe deposit boxes (AU-045).

3.4.4 MANAGEMENT OF ASSETS AND LONG-TERM FINANCING

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

The regional mutuals are independent in the management of their assets within the risk limits set by the Group.

3.4.4.1 Management of financing and owned interests

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

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

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

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

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

The Investment Department is also in charge of managing the entities' financing by seeking to obtain optimal financing solutions. The Division is in this respect in charge of managing the capital Management Committee, which is responsible for the following:

- establishing the capital plan management at the Group level:
  - approving the key indicators on this area: solvency ratio targets, Fitch rating and return on equity,
  - assessing and managing the return on equity in the Group,
  - organising and approving capital management methods:
    - managing the objectives and monitoring the amount of mutual insurance certificates,
    - managing the objectives and monitoring subordinated debt,
  - reviewing and implementing optimisation measures (branches, reinsurance, regulatory arbitrages);
- proposing an intra-group capital management strategy and capital planning for the entities that will be subject the approval of the relevant authorities:
  - review of capitalisation plans for the entities,
  - policy and monitoring of dividend payments,
  - recapitalisation plan,
  - monitoring of the guarantee agreement (signed between the regional mutuals and Groupama SA);
- informing the governance bodies of the implementation of the capital management plan.

It can at any time refer to these bodies if it notes a significant discrepancy (likely to threaten the Group's solvency).

The Groupama SA Steering Committee and the Group Executive Committee approve the Group's capital management plan and monitors its implementation.

3.4.4.2 Monitoring investments

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

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

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

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

The monitoring of the Groupama Asset Management's activities is formalised in the note setting out the relationships GAM-Groupama SA which details the reports expected from the service provider in terms of content, frequency and reporting deadlines, as well as the monitoring bodies and the roles and responsibilities of the stakeholders in this monitoring.

Three monitoring committees meet quarterly, and there is also an Operational Committee, whose objectives are set out below.

Macro Financial Committee

The following themes are addressed in this committee:

- semi-annually, the establishment of market scenarios for two or three years for the purpose of the "mandate" and for one year for the purpose of the "UCITS", with quarterly adjustments if required;
- specific analysis of the market or of asset classes;
- presentation of market opportunities;
- recommendations in terms of asset classes;
- potential major structural and cross-group themes that have an impact on allocation and management choices.

The Management Department and the "Management and Research Expertise" Managers of Groupama Asset Management, as well as the Group Finance Department take part in these committees.

Management Committee

The following themes are addressed in this committee:

- presentation of changes in strategic allocation and of the guidelines of governance bodies having an impact on the asset management;
- presentation and discussion of the tactical margins of Groupama Asset Management;
- presentation of the management choices for the mandates compared with the tactical allocation margins and the most significant changes in the portfolios;
- main management choices for mandate, UCITS and unit-linked;
- monitoring of the performance of the portfolio in real time, by drawing on a specific methodology and of the UCITS.

The heads of mandate management and the heads of UCITS management of Groupama Asset Management, as well as the representatives of the Group Investment Department take part in this committee.

Securities Risk Committee

The following themes are addressed in this committee:

- reporting and analysis of alerts and emerging risks on issuers and counterparties as well as on asset liquidity: observation of market liquidity on asset classes, dedicated UCITS and unit-linked;
- review of credit analyses on issuers, types of instrument, sectors or countries;
- monitoring of compliance with primary and secondary limits;
- monitoring of counterparty risk: verification of the use of collateral on exposures on derivatives and its main characteristics;
- monitoring of operational risks: rises of management incidents.

The heads of mandate management of Groupama Asset Management, the Risk Managers of Groupama Asset Management, the representatives of credit analysis, the Risk Department group and the Group Investment Department take part in these committee meetings.

Furthermore, the Group Investment Department is invited to the Position and Market Committee and to the Research Committee of Groupama Asset Management.

Operational Committee

The purpose of the Operational Committee is to review the relationships with the back office of Groupama Asset Management, especially on the data it transmits.

The Investment Department and the Back Office Managers of Groupama Asset Management take part in this committee.

For the monitoring of real estate assets, a monthly Operational Committee brings together the representatives of Groupama Immobilier and those of the Group Investment Department.

The monitoring of investments made and the approval of investment proposals are carried out in this committee, whose agenda systematically includes the following two points:

- monitoring of the arbitrages decided by the principals;
- reporting on rentals and risk monitoring.

The following issues are analysed by the Group Investment Department:

- reports on the economic climate, management and performance reports, updates on the estimated budget and projects under way (disposals, investments or work in progress).

  The committee drafts a proposal for approval by the relevant body (according to the delegations of authority from the entity's Executive Management or Board of Directors), acquisition or disposal operations exceeding its authorisation thresholds;
- budgetary results;
- the main business indicators, including vacancy rates and their trends;
- the main vacant space and its impacts in financial terms;
- on a prospective basis, the main lease expiries for the current year and the coming two years;
- leases that be cancelled at any time (after notice);
- a presentation of the results of real estate valuations (semi-annually/annually).

A Real Estate Commitment Committee (CIS) deliberate on the real estate budget as a whole and on the projects selected by Groupama Immobilier for acquisitions and disposals as well as improvement work exceeding the authorisation thresholds set out in the mandates. Below these thresholds, the projects are arbitrated by Groupama Immobilier.

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

The use of derivatives or collateralisation mechanisms, held either directly in the balance sheet or *via* management funds, makes it possible to cover the following risks in particular:

- interest rate and inflation risk (*via* interest rate swaps and inflation swaps);

- credit or counterparty risk (*via* CDS [1] or collateralisation mechanisms);
- equity market risk (*via* options, swaps or structured products);
- currency risk (*via* currency swaps).

The use of these instruments should not make it possible to circumvent limits or generate a leverage effect for speculative purposes.

(c) Assessing the performance and margins of the financial intermediaries used

Every year, the Asset Managers assigned to manage the securities submit a report to the Group Investment Department assessing the performance and the margins of the financial intermediaries used.

3.4.4.3 Internal control of investment management

(a) Roles and responsibilities of the parties involved in the investment management process

The investment management process is based on a strict separation of tasks among the entities involved: the Investment Department, the Group Financial Control Department, the Asset Managers and custodians/depositaries:

- the Investment Department is in charge of asset/liability and asset allocation modelling, managing relations with service providers, monitoring the recording of investment income/loss and preparing asset reports;
- the Asset Managers are responsible for building up portfolios and selecting securities up to the strict limits imposed by the mandates, executing transactions, placing transaction orders and preparing detailed reports for the Group Investment Department;
- the custodian/depository is responsible for settlement/delivery, the custody of securities and sending transaction orders to the Group Financial Control Department;
- the Group Financial Control Department is responsible for inputting and validating accounting transactions, carrying out various reconciliations and publishing the financial statements.

(b) Managing powers to authorised officers

The list of persons authorised to pass orders on financial accounts is kept up-to-date by the Group's General Secretariat, at the recommendation of the Group Accounting Department under the authority of the Group Chief Financial Officer.

The same applies to the list of individuals authorised to issue put or call transactions, on approval by the Investment Department and the Chief Financial Officer.

(c) Control of mandated Asset Managers and managing investments

Control of mandated Asset Managers

Management authority is formalised by mandates signed by the Group Chief Financial Officer.

These agreements are proof of the financial management delegation given by the entities to the management companies. They are designed to meet the desired conditions of each entity, in accordance with the regulations in force.

They specify the following:

- the management objectives, transactions authorised and limits;
- the management structure and the information about the principal;
- the obligations and responsibilities of each of the parties;
- technical constraints:
  - the liquidity ratios of the fixed income and equity instruments, arrived at by defining holding limits based on the capital and/or the float, and constructing and managing the portfolios' "liquidation" curves,
  - the internal risk dispersion ratios of the fixed income and equity instruments,
  - the benchmark in terms of risks, duration, rates and currencies;
- the terms for compensating the agent and the depositary;
- management procedures: committees (role and meetings held), financial reports to the principal;
- other practical conditions (duration of mandate, terms for termination, etc.).

The Investment Department monitors the management companies to ensure the portfolios' ongoing compliance with the regulations applicable to assets representing insurance commitments.

With respect to internal control of asset management transactions:

- companies managing securities portfolios are subject to oversight by the AMF and have their own internal control systems that include, in particular, monitoring nominal amounts of transactions and all cash flows, confirming transactions with all counterparties, complying with the "Chinese wall" separating the front and back offices, and the cross-functional nature of the middle office and back office organisation, the security of IT systems and the protection of access codes, and surveillance of atypical behaviour. They have also established their own control systems for monitoring the proper application of the mandates;
- the principal depositary of the entities in the Group, Groupama Banque, as well as the depositaries outside the Group, are subject to oversight by the Financial Markets Authority (AMF) and the Prudential Supervision and Resolution Authority (ACPR). In particular, Groupama Banque has its own internal control system and verifies the powers of authorising officers.

Financial management procedures

As part of its management planning, Groupama SA has introduced management systems, including in particular:

- calculating income statements and estimated balance sheet items based on technical and financial assumptions corresponding to a central scenario;
- monitoring capital gains and losses in the securities portfolios and verifying the need to book provisions for contingent payment risks;

(1) CDS: Credit Default Swap.

- setting monthly performance indicators on the status of the assets and tracking them for achievement or estimated achievement;
- regularly updating estimated cash flow.

The Investment Department is responsible for internal and regulatory reporting procedures:

- reports on financial policy to the Boards of Directors of Groupama SA and every mandated asset management company;
- contribution to the annual solvency reports of Groupama SA and every mandated asset management company;
- quarterly reporting on the asset structure and on the exemption limits and processes (exposure, indicators, and summary of existing or regularised overruns).

Permanent control of investment management

This control is achieved by means of committees responsible for monitoring, decision-making and approvals:

ASSET ALLOCATION COMMITTEES

Decisions on asset allocation and recording of investment income/losses (capital gains programmes, etc.) are made at meetings of the Asset Allocation Committees attended by the Group Chief Financial Officer, the Head of Investment, the Investment Manager, the Asset/Liability Manager or their representative, the Chief Executive Officer of the subsidiary and the relevant Managers of the subsidiary or their representatives. Their primary objectives are to make decisions on asset allocation and to record the financial results (including capital gains programme).

A similar procedure exists with the main foreign subsidiaries in connection with the International Subsidiaries Department.

SECURITIES INVESTMENT COMMITTEES

These committees include the asset management and asset allocation teams. They implement the decisions taken by the Asset Allocation Committee and monitor asset management operations.

PROPERTY INVESTMENT COMMITTEES

The Property Investment Committees meet as often as there are transactions to present.

In these meetings, the members examine plans for acquisitions/disposals and restructuring as well as updates on projects under way that have already been decided (cession, investments or work in progress). Acquisition or disposal operations less than or equal to €25 million must be authorised by the empowered person (Chief Executive Officer of the owning insurance company or other person authorised by delegation/sub-delegation); beyond this amount, they must be authorised by the Boards of Directors of the Company concerned. The committee prepares a proposal for validation by the body concerned.

3.4.5 RISK MANAGEMENT

3.4.5.1 Risk policy

The Group risk 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 the Group in terms of risk identification, measurement, and management methods and in organisational terms. It is based on a risk management strategy, defined to be consistent with the Group's overall strategy and enabling it to maintain a balanced risk profile founded in particular on diversification of risk between the insurance businesses, the type of customer and geographical areas and on a portfolio of activities that is made up of risks for which the Group has solid expertise and experience.

The risk management policy for the Group and Groupama SA was approved by the Board of Directors of Groupama SA on 30 July 2015. This overall risk management policy is completed by dedicated policies covering all risks the Group is exposed to:

- insurance risks with the underwriting and reserving policy and the reinsurance policy;
- financial risks with the assets/liabilities management policy and investment risk with the capital management policy;
- operational risks with the operational risk policy, the compliance policy, the subcontracting policy and the business continuity policy.

A balanced risk profile is obtained thanks to cautious practices in terms of underwriting, provisioning and investments, the use of mitigating techniques for insurance, financial and operational risks and a system of risk limits in the assets which are detailed in the dedicated risk policies.

In addition to the different risk policies mentioned below, the Group has furthermore, in accordance with the regulatory requirements Solvency II, formalised policies for internal control, internal audit, compensation, reporting to the supervisor, public reporting of information as well as an internal model policy as part of the use of the partial internal model for the calculation of the SCR for the Group and Groupama SA on 1 January 2016.

All these policies were also approved by the Board of Directors of Groupama SA in the meetings on 27 May, 18 June or 30 July 2015.

The system presented in the risk management policy and the dedicated Group policies is a risk management framework that is applied within each of the Group's insurance entities, according to its risk profile and its organisation. The same holds for the service (or resource), distribution, and financial subsidiaries, which also implement a risk management system in accordance with the rules applicable to their activities and consistent with the framework established by the Group.

The Group's entities thereby also formalise their risk management policy and the various risk policies, which are consistent with the Group policies. For most of the entities, these polices were approved by their respective Board of Directors on 31 December 2015, and this will continue in the first half of 2016.

3.4.5.2 Risk tolerance

The tolerance framework of limits for assets was set in end-2012.

It distinguishes primary and secondary investment categories:

- primary categories present a systemic risk and relate to the major asset classes (equities, property, private bonds, government bonds and cash);

- secondary categories are intended primarily to limit concentrations (countries, currencies, sectors, asset types, issuers, securities, etc.) and control liquidity. They focus on characteristics attached to the security or the issuer and are subdivisions within primary categories. They are expressed either in the form of a maximum for the risk assets or in the form of a minimum (liquidity or less risky assets in relative terms).

This system is managed in risks committees (Group Financial Risk Committee and Group Risk Committee). At these meetings, all exposures (based on primary and secondary limits) per division (Group, French subsidiaries, regional mutuals and international subsidiaries) were presented along with any potential overruns and associated action plans.

In non-life insurance, the risk tolerance approach is based on target profitability indicators that take into account the Solvency II capital requirements of the business lines. These indicators are calculated and analysed under the Strategic and Operational Planning Process.

These indicators are:

- the Regulatory Capital-Adjusted Profitability (RACR) which adjusts the technical result to the capital requirement per year or over the period of the plan;
- the measurement of deviations from the target (deviation between the target RACR, defined according to the combined ratio objectives and the performance of the business lines);
- a simplified solvency indicator (ISS) that can measure the contribution of a business line to the growth in the Group's solvency margin.

The introduction of these indicators, currently used for the France scope of the non-life insurance business lines in the internal model (*i.e.* the regional mutuals, Gan Assurances) is intended to be extended to the main subsidiaries internationally.

The RACR is used as part of the triennial procedure for review of the target ratios of France non-life by business lines. The target 3-year portfolio is assessed in terms of volume (premiums) and margins (combined ratio, financial revenues allocated to the business lines) to meet a target combined ratio for France non-life of 98% with a lower limit on the target RACR by business line (risk-free interest rate).

3.4.5.3 Data Quality

To satisfy the Solvency II requirements that aim to guarantee and demonstrate that all data used to populate the three pillars of Solvency II are of high quality, the Group launched a plan in 2011 to improve data quality in an effort to strengthen and formalise its current programme. This programme is jointly managed by the project team working on the partial internal model, from the Group's Actuarial Department, the Group Risk Management and Permanent Control/Compliance Departments, Groupama Supports & Services, the International Subsidiaries Department and the Group Financial Control Department (Solvency II data quality team), which coordinates the work.

The priority identified for the operational implementation of the Solvency II data quality policy was given to the scope of the non-life partial internal model (see § 3.4.5.6 below), *i.e.*, the non-life liability data (premiums, reserving, disaster) within the scope of business contributed by the regional mutuals and Gan Assurances as well as data from the CAT Risk Geolocation Data Production and Valuation project.

The Group's data quality initiative is based on a data quality policy that translates into:

- data quality principles;
- data quality governance and organisation;
- drafting of non-life, life and asset data dictionaries;
- implementation of data quality solutions involving a set of tools and methods to assess quality as defined by Solvency II, and to regularly measure and track improvements within the Group.

Data quality principles applicable to all Group companies, all risk categories and all types of data, both internal and external, were therefore formalised and communicated to all French entities from end-2011. This "Solvency II Group Data Quality Policy" is updated as required and distributed to all Group entities. These key principles are intended to define the criteria for understanding data quality in terms of completeness, relevance, accuracy, traceability and auditability.

The data quality governance and organisation approved by the Group's executive bodies are based on:

- the Group Data Quality policy (latest update: June 2015);
- a Group Data Quality Committee (CGQD) that reports directly to the Group Risk Management Committee. In 2015, the CGQD held nine meetings given the preparation and the follow-up of the Data quality action plan implemented following the on-site control report from the ACPR (end-2014/early 2015);
- a Group data quality coordination team, made up of representatives of the Group Actuarial, Investment, and Permanent Control/Compliance Departments, Groupama Supports & Services, the International Subsidiaries Department and the Group Financial Control Department (DPRG), which organises and coordinates the team;
- regular working groups involving the Data Managers of the various entities and functional areas (three meetings per year);
- a network of data quality coordinators operating within Group companies or departments of Groupama SA and working on the Solvency II project on the partial internal model, the standard form and the Pillar 2 and 3 data:
  - the Data Manager, who serves as "Quality" Manager for the entity, is tasked with ensuring that the controls have been implemented in the entity and utilises them to ensure data "ownership"; Data Managers of all Group entities have been appointed along with Data Managers within the data functions at Groupama SA level,
  - and the data owners, who "guarantee" the data produced; they must implement detailed quality measures (description of processes and controls) and report on the results of their analyses to the Data Manager who then consolidates the results and proposes any necessary solutions for improvement.

Solvency II data quality governance principles implemented in the regional mutuals have been approved by the Group's executive bodies. Their deployment to all the regional mutuals was completed in the first half of 2014.

The operational implementation of the data quality initiative on the priority scope of the non-life internal model is effective: data dictionary, data collection procedural documentation, analysis of existing controls, profiling of data files populating the partial internal model, diagnostic of the existing situation and development of action plans. The main areas for improvement concern the automation of data collection, archiving under the CFCI standard (Electronic Accounting Tax Audit), the roll-out of Group controls (standardisation of the requirement) and adjustment of the first tolerance thresholds.

A first complementary action plan was implemented in 2013 following the two reports of the ACPR concerning data quality and submitted on 31 December 2012 on conclusion of its involvement in the pre-application of the Non-Life Internal Model. Groupama has committed to provide the ACPR, on an annual basis, with information to measure data quality at the end of each annual collection campaign as well as a progress report on the main action plans in progress (for 2014, this information was sent during September 2014).

A second action plan was transmitted to the ACPR by Groupama in early June 2015 after its 2014-2015 control report (definitive report in October 2015). On 15 December 2015, the ACPR confirmed in its follow-up letter that the elements of this action plan addressed the issues mentioned in its report, concerning in particular the automation of the data feed process and the strengthening of data quality controls.

The extension of the data quality initiative to the international entities was initiated in 2012. The roll-out project is monitored by the teams of the International Subsidiaries Department jointly with the Group Financial Control Department.

3.4.5.4 Global monitoring system

As indicated in point 3.4.5.1, the principles of the risk management system are set out in the risk management policy, and detailed in the written policies relating to the different areas (financial, insurance, operational, etc.).

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 II risk classification.

The identification and monitoring of major risks is conducted at entity level and at Group level. At Group level, a major risk is defined as one whose occurrence would have an unfavourable impact of more than €100 million on the Group's net position or that would have a significant impact on the Group's reputation or image. Each major risk is assigned a risk "owner" responsible for monitoring and controlling the risk in accordance with the standards defined by the Group. At the Group level, the risk owners are business or functional departments of Groupama SA or Group entities if applicable and according to the nature of the risk. The risk owners establish risk control plans, which are implemented within the Group's entities.

Risk assessment is carried out according to the risks based on several approaches, enabling each of them to develop different analysis methods:

- calculations of Pillar 1 measure the loss corresponding to the occurrence of risks with a probability of 1/200 years;
- scenarios relating to major risks provide assessments corresponding to probabilities of around 1/10 years.

These assessments, which also factor in analyses determined by experts, contribute to the internal assessment of risks and solvency (ORSA) to measure the impact of the risks on the overall solvency requirement.

The consistency of the analyses is ensured by taking into account the same assumptions and shock scenarios in ORSA as in the assessment of the major risks for the Group.

Groupama SA, as the central body, supports the entities in the application of this risk assessment framework. It defines the assessment methodology and risk scenarios for the entities, in order to ensure that the risk analysis is consistent at the Group level. The overall procedure is managed by the Group's risk and permanent control/compliance departments.

Internal campaigns for assessment of major risks (Group and entities) are organised annually by the Group's risk and permanent control/compliance departments among all the Group's entities. These exercises contribute to the development of the expertise of the network of risk owners and the key risk management functions of the Group's entities and also make it possible to gain an in-depth understanding of the risk profile as well as of the risk mitigating measures implemented in the entities. This work is also used as part of ORSA.

Committees specialising in specific risk categories (Insurance, Financial and Operational) are responsible for steering the Group's risk management programme, which, at Executive Management level, is handled by the Group Risk Management Committee (see § 3.4.2.2). The management of the system is applied according to the same model in the entities.

Risk tracking programmes are developed in detail by area below (see § 3.4.5.5 *et seq.* below).

3.4.5.5 Risk Management related to the Insurance Business Departments

(a) General organisation

The "Insurance, Banking and Services" Department includes an Insurance Division (excluding agriculture) with Market/Business Departments (Individuals, Professionals, and Companies and Local Authorities) that handle property and individual insurance, an Agricultural Department, Technical Departments: (Research, Pricing and Planning, Group Claims and Cost Control) and cross-functional departments (Marketing and Distribution Department, Project Management Department, Quality, Methods and Budgets Department, and Steering, Operational Strategy Planning and Coordination Department), which support the development of the Business Lines.

The underwriting risk management and claim management principles for all entities in France and internationally and the risks related to insurance activities are mainly defined by the Insurance, Banking and Services Department of Groupama SA. These principles are formalised in the Group Underwriting and Reserving policy approved by the Groupama SA Board of Directors on 18 June 2015.

In this context, the Groupama SA Insurance, Banking and Services Department, acting on behalf of the French entities, has the following responsibilities:

- guiding the definition of the risk management policy for the business line in question, *via* limits and exclusions and definition of priority segments;
- issuing alerts in their areas of expertise including for emerging risks;
- coordinating the design of products and pricing and guarantee structures;
- monitoring of products (relevance of the guarantees and pricing, balance between the competitiveness of the offering and the level of results) and proposing necessary modifications;
- defining rules for underwriting, prevention, portfolio monitoring, claims compensation;
- monitoring legislative or regulatory trends, in consultation with the Group Legal Department within the General Secretariat;
- supporting the training of staff in the entities affected by risk (salespeople, underwriters, Policy Managers, experts, Claims Managers);
- managing portfolio profiles, results and forecasts (and comparison with market trends).

The Reinsurance Department, also in the Insurance, Banking and Services Department, is in charge of carrying out all reinsurance transactions inside and outside the Group. Its tasks are detailed in the Group reinsurance policy. Its role as well as that of the Business Departments in terms of reinsurance management are specified in 3.4.5.9.

Based on their specific characteristics, the Insurance Business Departments also play a particular role in terms of risk control, through a joint underwriting activity (double risk analysis in order to increase the security of the decisions on the biggest commitments made by the various entities) or the provision of tools enabling the application of underwriting rules (for example, scoring tools) as well as an activity of co-management of claims (see § 3.4.5.7 – Claims management).

As for the regional mutuals, the technical intervention of Groupama SA on joint underwriting of certain risks is specified in the general reinsurance rules.

Since 2015, the practices of joint underwriting with Gan Assurances have been aligned with those of the regional mutuals, and these new operational rules are laid down in an agreement of reciprocal commitments (CER).

For the international subsidiaries, the International Subsidiaries Department plays an equivalent role in terms of supervision of the underwriting policy. It ensures the communication of and compliance with the Group's instructions to the international subsidiaries regarding the underwriting and risk management policy. Each subsidiary defines its risk and underwriting policy according to the characteristics specific to its market and based on the strategic development plan approved by the International Subsidiaries Department, taking into account the overall risk limits and the general underwriting and provisioning policy of the Group. Based on the regulations in force, these policies may be submitted to the local supervisory authorities for information or even approval.

Any request for exemption coming from the international subsidiaries with respect to the delegations initially granted under the risk and underwriting policies is examined and approved in advance by the International Subsidiaries Department in collaboration with the relevant Group Business Departments.

Furthermore, Fire and Engineering cases exceeding the subsidiary's automatic capacity by more than three times or by more than €100 million must obtain an agreement from the tri-party committee (committee that examines, accepts or rejects requests relating to underwritings outside the norms) made up of the Group Audit, Risk and Control Manager, the DCER Manager and the Director of International Subsidiaries.

In order to strengthen the knowledge and the management of "non-life business" risks underwritten by the international subsidiaries, a system of joint underwriting, similar to that implemented for the regional mutuals and Gan Assurances, has been implemented with the Business and Local Authorities Insurance Department (DAEC). According to the size of the subsidiaries, the triggering threshold for the joint underwriting process is set at €10 million (Bulgaria, Portugal and Gan Outre Mer) or €25 million.

Lastly, quarterly controls are in place, particularly for the monitoring of major industrial, engineering, general civil liability and transport risks, common reporting to the DCER, the DAEC and the International Subsidiaries Department.

(b) Design of new products

A standard process for creation of any new product at Group level or any change to an existing product that alters its economic balance is in place. It is applied across several scopes:

- property and casualty products of the regional mutuals;
- property and casualty products of the French subsidiaries (Gan Assurances and Amaline);
- products of Groupama Gan Vie;
- property and casualty products of the international subsidiaries;
- life products of the international subsidiaries.

It provides for several steps, each approved in a specific committee (Operational Committees, Steering Committee, Group Executive Committee):

- the definition of the project which includes preliminary studies (opportunity study, segmentation client, main product characteristics, etc.) and the product's economic model (pricing structure, profitability study, risk analysis, defining and taking into account reinsurance, execution of possible stress tests) with, in the context of life products or products similar to life, the prior approval of the financial conditions by the Investment Department and of profitability studies by the Group Actuarial Department;
- the detailed design including the roll-out schedule;
- production of deliverables intended for customers and sales staff with the formal approval of the Group Legal Department and the Compliance and Risk Management Department;
- IT developments;
- preparation of subscription and management guides (with in particular joint underwriting rules);
- the commercial launch case.

Any new products must also undergo an assessment at the end of the launch period, and results must be monitored over the years.

The Group Insurance Risk Committee ensures the proper compliance with the process.

Similar processes are implemented locally in each of the international subsidiaries for the design of or change to these subsidiaries' property and casualty products.

(c) Underwriting management

Underwriting risk is defined as the risk that the premiums will not cover the year's claims and provisions. In addition, it must take into account future claims beyond the annual horizon used to measure the solvency requirement.

Underwriting management is established in a manner consistent with the objectives of the Group's underwriting policy aiming to ensure the protection of the Group's assets and to meet profitability objectives while reducing the risks of deviation from the Group's target combined ratio.

The underwriting rules are defined in accordance with reinsurance agreements that define the covered and excluded risks, and the coverage limits per risk object. The underwriting conditions, which include the definition of the guarantee limits, the exclusions and the details of the joint underwriting, are clearly defined when each product is designed when there is a significant change to a product and are regularly reviewed during the life of the product.

The entities call on the Business Departments as well the Reinsurance Department of Groupama SA for special exceptions (new risks, risks exceeding the limits, etc.) except particular measures that apply to the international entities and which are specified in the reinsurance policy (facultative business of the international subsidiaries).

As a multi-line insurance group, Groupama seeks to be involved in all insurance business sectors and associated services. Management of the underwriting risk is based on three pillars:

- clear definition of the risks to be underwritten and the excluded risks by Business Line/Market;
- mechanisms in place at Group and entity level for application of the underwriting and pricing policies;
- a prevention policy.

Underwriting policy by Business Line/Market

In Non-Life Insurance, the underwriting policy is adapted to each market and to the business lines that pertain to it.

THE INDIVIDUAL INSURANCE MARKET

The policies offered are mainly motor insurance, "multi-risk home", and third-party liability.

These risks are high-frequency mass risks, which are little affected by issues of individual costs of claims and therefore underwriting limits. However, they are affected by problems relating to accumulation of claims, particularly because of natural events.

THE AGRICULTURAL INSURANCE MARKET

The policies offered cover:

- climatic multi-risk for crops: the principal crops are insurable either under climatic multi-risk or hailstorm cover;
- risk of mortality and damage to livestock resulting from an accident or illness (excluding illnesses known to be contagious);
- Tractors and Agricultural Equipment (TMA) risk, which is open to all farmers or agricultural work companies and to foresters and landscapers;
- property damage/third-party liability risk (professional third-party liability, product liability, etc.) and financial protection for the activities of agricultural professionals.

THE PROFESSIONAL INSURANCE MARKET

The policies offered cover several types of risk:

- in the construction sector, builders' and contractors' site risks and comprehensive building site risks as well as liability risks (traditional for a professional activity and compulsory as part of ten-year civil liability) for construction professionals;
- risks related to any professional activity through Professional Multi-Risk (MRP) for tradesmen (ACPS –artisans, shopkeepers and service providers);
- for automotive professionals (garage insurance), risks related to any professional activity excluding private risks;
- for Non-Resident Owners (PNO), risks related to properties rented out by a non-resident owner and risks related to buildings subject to the co-ownership scheme.

IN THE BUSINESSES AND LOCAL AUTHORITIES MARKET [1]

The policies offered cover businesses and local authorities for:

- property damage;
- third-party liability, usually taken out in addition to property damage;
- vehicle fleets.

In addition to insurance guarantees, services can also be offered (prevention services in particular).

For business risks, Groupama's long-established target audience is the French agri-food sector.

For local authorities, Groupama's positioning has historically always been related to the rural sector, and, as a result, our portfolio is still primarily made up of small communes. In addition, Groupama also has a large presence in the community associations sector.

In life insurance, the Group offers individual savings and pensions policies, individual death protection policies, group retirement policies and death protection policies underwritten as a group.

As part of its underwriting policy, the Group excludes certain products (for example certain "exotic" investment vehicles in savings and retirement contracts) or limits the coverage of certain guarantees, given the level of risk they would involve.

(1) The local authorities market also includes the Associations market.

In life insurance, the risk of insufficient advice is limited through a certification system for the networks, which matches the range of offers and the skills of the salesperson who may offer them with training courses and Sales Assistance Tools facilitating the discovery of customer needs and the investor profile, and checks whether certain policies are best suited to certain types of customers (for example, maximum age for certain offerings).

In individual non-life insurance, the Group offers individual "extended healthcare" policies, individual provident policies covering risks of incapacity, disability, long-term care and everyday accident (GAV policies), group "extended healthcare" policies taken out by companies for their employees, group provident policies taken out by companies for their employees and covering them in case of work stoppage (risks of incapacity and disability) and provident policies for officials of local authorities (APC).

Health insurance comes in addition to a basic plan. Since the implementation of group extended healthcare policies in 2002, selection rules on subscription no longer apply. Thus, group offerings no longer require the completion of a medical questionnaire. In addition, the coverage offered by the policies is lifetime cover since the passing of the Evin law; this means that there is no monitoring of individual risks on the portfolio.

For provident, individual and group risks, medical formalities are carried out during subscription or affiliation, based in particular on the requested level of cover, the age of the policyholder or the size of the insured group. These medical formalities facilitate selection of insurance risks on entry as well as medical checking on payment of benefits. They therefore contribute to maintaining the balance of the policies.

Furthermore, provident contracts include exclusions for certain sports or dangerous professions; certain combinations of options that generate adverse selection are also banned.

With regard to long-term care, similar underwriting rules are applied and a specific reinsurance system has been implemented.

In group insurance as well as in insurance for staff of local authorities (APC), the underwriting process is adapted to the type of offering and managed by the tools available to the entities; for tailored offerings (intended for businesses of medium or large size meeting precise specifications), the pricing is carried out by teams of expert underwriters.

Large group insurance contracts and/or those outside the targets must be jointly underwritten with Groupama SA.

Beyond a specific threshold (1,000 employees for the regional mutuals and Gan Assurances), joint underwriting is applied. As a result, indexing decisions are then taken jointly by the entity and the Business Department and Groupama Gan Vie.

Mechanisms for application of underwriting and pricing policies in the Group

At their level, the regional mutuals and the subsidiaries (including Gan Assurances) specify their underwriting policy in coordination with and in the framework of the principles defined by the Business Departments and the International Subsidiaries Department (as the case may be). They implement the systems necessary for compliance with this policy in the selection and pricing of risks.

With regard to the regional mutuals, and as stated above, the General Reinsurance Regulations (RGR) supplemented by product guides drafted by the Business Departments define the risks covered and prohibited, the limits and guarantees and the terms for acceptance and subscription and management of claims.

As part of this, the Group's entities are responsible for underwriting, production and management of claims. All risks are managed through regularly controlled operational processes; their formalisation and any incidents must be identified in the common risk management tool OROP, which is being rolled out with a view to making the necessary improvements (see § 3.4.5.13 – Monitoring of operational risks).

The entities call on the Business Departments as well as the Reinsurance Department in the event of exceptions (new risks, risks exceeding the limits, etc.). The Business Departments monitor these exceptions and establish the necessary modifications (changes in cover, adjustment of underwriting balances, etc.).

Prevention policy

More than fifty years ago, Groupama was a pioneer in the field of risk prevention.

In the area of road safety, the network of Centaure Centres has eleven centres throughout France, offering driver training.

The Group is particularly active with respect to agriculture risks, the agri-food sector, in which it is a market leader, being its long-established core business. In this regard, the Agricultural Department:

- produces guides and manuals for the prevention of various risks (based on technical studies);
- establishes and coordinates discussion and consultation forums with those responsible for prevention within the entities.

The Group is also active in the field of risk prevention for businesses (audit of risks before subscription and imposition/recommendation of prevention measures), local authorities (prevention of work accidents, weather risks) and communities (health and safety at work).

Thanks to the accredited training programme for prevention inspectors established in 2014, around 200 employees of regional mutuals were trained in 2015. This programme is to be extended with the addition of new modules in 2016.

As far as natural events are concerned, with Groupama-Predict, communities insured by Groupama and Gan Assurances have access to all the means for prevention and information necessary to cope with risks of flooding, storms, marine submersion or heavy snowfall.

In health insurance, many benefits are offered to policyholders, some of which are not covered by the basic plan. A website, www.vivonsprevention.com, has been set up. The regional mutuals regularly organise events coordinated by experts on health topics.

(d) Monitoring of emerging risks

The purpose of the work carried out in 2013 within the Insurance, Banking and Services Department (DABS) on emerging risks was to establish a process for identifying these risks, monitoring them and subsequently evaluating them.

Initial work involved validating a definition of these risks and determining the scope of application.

A list of emerging risks was established for the DABS scope and classified based on the World Economic Forum classification structure (Economic Risks, Technological Risks, Environmental Risks, Geopolitical Risks, Societal Risks).

In 2014 and 2015, work on monitoring and rating was carried out by the businesses on the emerging risks selected by the DABS Management Committee, as part of an operational roll-out.

3.4.5.6 The risk management responsibilities of the Group Actuarial Department

The risk management mechanism of each of the Insurance Business Line Departments (see above 3.4.5.5) is complemented by the system coordinated by the Group Actuarial Department in the framework of the implementation of a partial non-life internal model, whose use the ACPR has authorised from 2016 onwards for the calculation of the solvency capital required by the Group on a consolidated basis and for Groupama SA.

This partial internal model which was first used in 2011 addresses the non-life underwriting risks (premium risk, reserve risk and disaster risk) and business contributed in France, by the regional mutuals and Gan Assurances. Modelling is based on historic claims and premiums data and data relating to exposures, and consists in calibrating the statistical distribution of claim rate levels for all non-life branches making it possible to determine the corresponding equity requirements.

For Groupama SA, this model will reflect the underwriting risks of a reinsurer better than the standard model. For the Group, this model will also better illustrate the effects of diversification between companies.

In addition to being used to calculate the required solvency capital, the model is also used for:

- studies on the updating of the General Regulations on Reinsurance (GRR);
- simulations of external reinsurance structures;
- the allocation of economic capital by business line.

The work related to the partial internal model is reviewed and validated regularly (monthly meetings) within the Internal Model Group Committee (CGMI), chaired by the Audit, Risks and Internal Control Department. The CGMI reports to the Group Insurance Risk Committee (see point 3.4.2.2).

3.4.5.7 Claims management

The management principles and rules are defined in the Group underwriting and reserving policy. They are presented below for the different insurance business lines.

In addition to the areas of involvement in risk control presented in point 3.4.5.5 (b) product design and (c) underwriting policy, the Groupama SA Insurance, Banking and Services Department is responsible, on behalf of the French entities, for the definition of the claims settlement policy, and plays a particular role in terms of risk control, through a joint claims management activity.

(a) Damage insurance

The claims management policy

The Group claims management policy focuses on two key drivers: quality management geared towards seeking solutions for the customer and the implementation of levers to control the cost of claims.

It is based around several guiding principles, in particular:

- setting, monitoring and ensuring the consistency of the claims targets of the Group entities;
- providing global monitoring tools to identify changes in the various claim resource costs and establish corrective actions;
- providing common claims management applications to improve productivity and reduce the number of tasks with low added value;
- relying on a network of reliable service providers common to all the entities;
- monitoring the management of major claims and ensuring control of reserves (joint management);
- processing claim files according to an escalation process (management and/or reconciliation and/or arbitration levels) and certain types of file which impact on the "community of insurers" (e.g.: SDV (Seriously Damaged Vehicle), car fire/property damage, pool, etc.).

The operational roll-out of the Claims policy is managed by each entity and coordinated and steered by the Claims and Cost Control Department, the Professionals Department for Construction, and the Agricultural Market Department for Large Crops.

This involves the property and casualty branch and the corresponding tangible and physical claims. The scope covered includes France (regional mutuals, Gan Assurance, Amaline, etc.) and the international subsidiaries for certain risks.

The principle of the co-management of claims in France and abroad

Joint management (also called co-management) with the Groupama regional mutuals, included in the General Reinsurance Regulations, was extended in October 2001 to Gan Assurances claims files and concerns claims that exceed a pre-defined threshold.

Co-management aims to secure the Group's cost of claims expense item. It makes it possible to identify the most costly or complex claims, monitor their developments, support the analyses of liability and estimated damages for the entities and satisfy the control requirements of external reinsurers and Groupama SA in its role as internal reinsurer.

In the international field, claims in excess of €10 million will be governed by a co-management procedure with the Groupama SA Claims Department.

(b) Non-life personal insurance

The Group policy for the management of claims in the field of non-life personal insurance is intended, as in the other insurance business lines, to reconcile the quality of service provided to the customer with the controlling of the claims workload.

Claims management is the responsibility of each entity except in the case of management delegation.

The management of insurance claims for officials of local authorities (APC) is entrusted to a specialised Manager (CIGAC, wholly-owned subsidiary of Groupama SA) which may offer a support service for people returning to employment *via* a local service provider depending on the case in hand.

The anti-fraud system coordinated by Groupama SA within the Claims Department is operational in the field of death/disability protection insurance.

(c) Life insurance

The Group claims management policy also focuses on quality management geared towards seeking solutions for the customer and the implementation of levers to control the cost of claims.

Claims management is the responsibility of each entity except in the case of management delegation and is based on the Group policy and rules.

In the case of Groupama Gan Vie, management is organised by each Individual and Group division.

The Individual Division is responsible for the management of individual policies marketed by the Gan Assurances, Gan Prévoyance and Gan Patrimoine networks. In the case of the regional mutuals of Groupama, underwriting and policy management are delegated to specialised management units within the Life divisions of these mutuals.

The Group division manages group contracts unless delegations are granted notably to brokers.

Management delegation mandates confirm the mutual relations and obligations of Groupama Gan Vie and each delegate. In the case of the regional mutuals of Groupama, underwriting and policy management are also delegated to specialised management units.

3.4.5.8 Underwriting reserves

The reserving principles and rules intended to maintain a degree of caution in the calculation of reserves are described in the Group underwriting and reserving policy approved by the Board of Directors of Groupama SA on 18 June 2015. The principles, rules and procedures adopted in relation to file/file reserving and the evaluation of accounting reserves are defined in this context.

In 2006, the Group Actuarial Department (DAG) defined the framework for an annual actuarial report aimed at presenting for each of the Group's non-life insurance companies the terms for calculating claims reserves and analysing the results with specific reference to an assessment of the mathematical life expectancy for claims expenses and the corresponding reserves for risks and uncertainties. Therefore, the DAG receives and verifies actuarial reports from the companies each year. The reports from the largest non-life companies are subject to external certification.

The Group Financial Control Department (DPRG) within the Group Financial Department is involved in the reviewing of the actuarial studies of non-life entities in France and abroad. It is responsible in particular for coordinating results according to the reserving rules set forth by the Group Actuarial Department.

The DPRG, in close cooperation with the DABS, establishes provisional standards for serious climatic damage and variations in claims reserves (bonus/malus) within the framework of a technical balance which is to be respected for the benefit of regional mutuals.

Different methods and certifications are used in the field of Personal Insurance:

- in individual personal insurance, an independent actuary approves a table showing levels of continued occupational disability in the case of sickness and a similar table in case of accident;
- in group personal insurance, an independent actuary establishes a reserving method which takes the specific nature of the APC risk into account. This method is validated by the Group Actuarial Department;
- in group insurance, the Business Line Departments of Groupama SA and Groupama Gan Vie define the reserving methods on behalf of the entities concerned depending on product particularities (calculation method, closure of files) according to the professional rules in force and the Insurance Code (rates, tables). They distribute the latter and ensure that they are implemented within the Group.

The other technical reserves (reserve for increasing risk, reserve for current risk, reserve for claims not yet presented, etc.) are calculated according to the local regulations in force.

As far as retirement contracts comprising a longevity risk are concerned, the reserves are generally calculated on the basis of local statutory tables.

In 2014, a Management Committee for underwriting reserves was established at Groupama SA. It is made up of representatives of the Financial Department (Group Results and Coordination Department, Group Actuarial Department) and the DABS (Reinsurance Department, Business Line Departments) of Groupama SA. This committee, coordinated by the Finance Department, meets every quarter. It is responsible for managing work carried out within the Groupama SA working groups and sub-groups relating to provisioning (with the regional mutuals, three times per year), proposing best practice and defining guidelines for the provisioning of jointly managed cases.

In life insurance, the monitoring system for guaranteed-rate policies is part of the general monitoring system for interest rate risks, which covers the risk of increasing or decreasing interest rates. The risk is managed by the Group Finance Department for entities in France and abroad, and for the Group as a whole.

For the life insurance entities and the Group Finance Department, asset/liability studies are conducted to:

- assess their capacity to deliver competitive rates, evaluate the risk of redemptions in the event of interest rate increases and comply with the interest rate guarantees in the event of decreasing rates;
- calibrate adapted asset strategies.

These operations are presented and validated by the management of the companies concerned at quarterly meetings of the asset/liability and Asset Allocation Committees. They are supplemented by Solvency II risk measurement.

3.4.5.9 Reinsurance management

The Group's policy on reinsurance, which describes the principles and rules defined by the Group in terms of reinsurance, was approved by the Board of Directors of Groupama SA on 18 June 2015. The policy sets forth the key principles in the reinsurance process (Internal Reinsurance for regional mutuals by Groupama SA and disposal of external reinsurance by Groupama SA and its subsidiaries) and the controlling of reinsurance risks in relation to the Group's objectives in this context:

- protection of the equity and solvency of the Group and firms within the Group;
- reduction of volatility associated with the Group's insurance risk profile in order to keep it within the limits of its risk tolerance;
- quantification and limitation of the impact of extreme events on the Group's accounts by transferring part of the associated potential damage *via* the structuring and introduction of reinsurance programmes;
- limitation of the counterparty risk vis-à-vis reinsurers.

It also describes the governance of the system, the roles and responsibilities of the parties involved and the monitoring, reporting and internal auditing systems.

The information below outlines the internal management control principles and methods in the field of internal and external reinsurance.

(a) Internal Reinsurance Management

Monitoring the Internal Reinsurance of the regional mutuals

Groupama SA is the reinsurer of Groupama's regional mutuals. The framework and the operating terms of Internal Reinsurance are defined in the reinsurance agreement.

The correct application of the internal audit is coordinated within the DABS by:

- the Reinsurance Department for policy accounting issues and investments in options;
- the Insurance Business Departments for joint underwriting procedures and joint claims management.

These procedures are formalised in section II of the reinsurance agreement entitled "General Reinsurance Regulations", the terms of which are reviewed every year, particularly the reinsurance thresholds.

With respect to the joint underwriting activities and joint claims management, the risk management and internal control procedures are presented in sections 3.4.5.5 and 3.4.5.7 respectively.

The principal control procedures put in place by the Reinsurance Department are presented below.

INTEGRATED CONTROL

Outward reinsurance operations by the regional mutuals are calculated by a specific software application (IRIS), into which data are input or sent by file transfer by the regional mutuals. Its operation is described in a detailed document. The configuration of the annual reinsurance parameters (presented in the Groupama document "Reinsurance Terms", which is updated annually), accessible in the application, is checked by the relevant Managers from the regional mutuals.

Reinsured excess claims are first validated by the regional mutuals and by the Claims and Cost Control Department of the Insurance, Banking and Services Department of Groupama SA (see § 3.4.5.7) based on a "Notice of Claims" application that interfaces with the Internal Reinsurance application.

Non-life annuities are managed by a dedicated application that interfaces with the Internal Reinsurance (IRIS) application.

Registration and policy accounting for the facultative business of the regional mutuals are handled using a dedicated application (SAFARI) into which data is entered by the Internal Reinsurance Department, and verified and approved by the regional mutuals; its functionality is described in a detailed guide, and the tool interfaces with the application used by the regional mutuals for calculating outward reinsurance operations (IRIS).

CONTROL TESTS

The Acceptance/Forecasts Division of the Internal Reinsurance Department controls the accuracy of the calculation rules written by the Reinsurance Accounting Department in the specialist software application.

The reinsurance sector of every regional mutual also monitors the accuracy of the settings for calculating reinsurance, as input by the Reinsurance Accounting Division of the Internal Reinsurance Department of Groupama SA in the specialist software application.

The results of Internal Reinsurance transactions by every regional mutual are monitored:

- by the regional mutual concerned, before the statements are signed approving the contributions and claims;
- by the Analysis and Management Control Division of the regional mutuals within the Group Financial Control Department, by comparing them with the forecasts of the regional mutual and with the Groupama SA budget;
- by the Corporate Accounting sector of the Group Financial Control Department in the framework of the registration of transactions on the books of Groupama SA.

In addition to the procedures, the policy accounts prepared by the Internal Reinsurance Department are also presented to the statutory auditors, who conduct tests on the parameters set by the IRIS application and on calculation models of their choosing.

The Inward Reinsurance/Forecasts Division of the Internal Reinsurance Department controls the accuracy of the calculation rules written by the Reinsurance Accounting Division of the Internal Reinsurance Department in the specialist software application.

The reinsurance sector of every regional mutual also monitors the accuracy of the settings for calculating reinsurance, as input by the Reinsurance Accounting Division of the Internal Reinsurance Department of Groupama SA in the specialist software application.

The results of Internal Reinsurance transactions by every regional mutual are monitored:

- by the regional mutual concerned, before the statements are signed approving the contributions and claims;
- by the Analysis and Management Control Division of the regional mutuals within the Group Financial Control Department, by comparing them with the forecasts of the regional mutual and with the Groupama SA budget;

- by the Corporate Accounting sector of the Group Financial Control Department in the framework of the registration of transactions on the books of Groupama SA.

In addition to the procedures, the policy accounts prepared by the Internal Reinsurance Department are also presented to the statutory auditors, who conduct tests on the parameters set by the IRIS application and on calculation models of their choosing.

Monitoring the Internal Reinsurance of the subsidiaries

With respect to Groupama SA's inward reinsurance for its subsidiaries, as for all Group inward reinsurance, the External Outward Reinsurance Department (DCER), see § 3.4.5.9 b registers the accounts of the ceding insurers as they are received.

Moreover, for the subsidiaries whose outward reinsurance accounting records are managed by the DCER, the checks made by the DCER (along with the estimate system) help to achieve perfect consistency between the outward business of the subsidiary and the inward business portion of Groupama SA.

The subsidiaries that manage their own accounting for reinsurance ceded send to the DCER the data needed to make estimates in the nearer term. This task also supports the preparation of reconciliation statements for the consolidation.

(b) Managing the outward reinsurance operations

Principles and organisation governing the Group's external reinsurance

These principles are updated every year by the Groupama SA Executive Management on the recommendation of the Reinsurance Department which, since 1 January 2015, reports directly to the Bank Insurance and Services Department. Holding levels and hedge ceilings of Groupama SA and those of the Group are calculated with the assistance of reinsurance brokers based on the exposure of the portfolios in technical terms (insurance commitments) and in financial terms (amount of shareholders' equity).

The operational implementation of the general outward reinsurance policy and the guidelines adopted for every renewal follow the terms and conditions set forth in the charter "Definition of the responsibilities of the External Outward Reinsurance Division". The job of determining the annual reinsurance scheme for Groupama SA and for all the Groupama SA insurance subsidiaries is managed by the External Outward Reinsurance Department (DCER) within the Reinsurance Department. This is done in coordination with the relevant Managers of Groupama SA or of each subsidiary, based on the data related to the current insurance portfolios. Every year, therefore, the DCER holds at least two meetings to determine the main features of the reinsurance scheme for the following year. For the reinsurance scheme covering the portfolio of the regional mutuals, the meetings are held with the Groupama SA Head of Reinsurance and the Manager for Internal Reinsurance.

Supervisory Procedures

As a general rule, the DCER, at Group level for wholly owned subsidiaries, is responsible for ensuring that the standards and procedures in terms of outward reinsurance for compulsory treaties are applied properly and monitors facultative reinsurance on a declarative basis. In 2009, the checks were reinforced through the implementation of new rules on underwriting limits in direct insurance and fronting activities.

The DCER is responsible for reinsurance accounting for Groupama SA and all French subsidiaries. In this regard, it verifies the claims of reinsurance policyholders and the premium bases as well as any specific information required by the reinsurers.

The DCER implements the following procedures, depending on the risks involved:

- for its own management transactions, on an integrated control: based on the specialist SIGRE reinsurance software, which contains surveillance and alert modules;
- to control the risk of storms in France, some disaster damage modelling/simulations were created using expert software by the reinsurance brokers or by specialist agencies (such as RMS). On behalf of Groupama SA, these agencies are also conducting studies into disaster risks (earthquake, flood, etc.) for the subsidiaries exposed (Italy, Portugal, Hungary, Turkey, Greece, Romania, Bulgaria, etc.).

  In order to obtain a clearer view of the Group's commitments, major work has been conducted over recent years focusing on all storm risks of the Group in order to arrive at a uniform assessment of the risks in all of the Group's entities; this assessment was shared with the business and operational departments.

  The reliability of the process for evaluating commitments was thus strengthened through the audit and control of the databases as well as a standardised approach to valuing the amounts insured using source data. A methodology can then be rolled out, based on shared principles and still taking into consideration regional specificities *via* the use of additional settings.

  These improved valuations were also used in the framework of the Group reinsurance program, to define, as precisely as possible, the modelling of a 200-year claim with the RMS modelling tool;
- to control the risk of fire in France, geolocation and research work on the maximum geographical concentration of risks is carried out with the support of reinsurance brokers. They also carry out disaster scenarios with which indications of likelihood of occurrence are associated;
- to control the management risk from entities that remain the owners of the data provided to external reinsurance, a level-2 control is implemented either by the DCER or by an authorised third party:
  - for insurance companies in France, whose reinsurance accounting is handled by the DCER, audits of reinsurance policyholder claims, the premium bases and specific data required by reinsurers,
  - for companies whose accounting is not handled by the DCER, audit of the consistency of the data necessary for the establishment of reinsurance policies with the investment and monitoring thereof: statistical and technical data, verification of compliance with Group procedures, in terms of best practices in outward reinsurance and the proper application of the security rules by complying with the list of reinsurers accepted by the Group Security Committee.

Reporting procedures

The DCER departments submit internal reports on a weekly (investments in progress), monthly (highlights) and quarterly (accounting review at the end of every quarter) basis to the department head. The department head then presents an annual renewal report to the Executive Management of Groupama SA that can be updated at any time, as well as pre and post external renewal interim balance sheets. The Executive Management of Groupama SA has to approve the levels of protection and general policy guidelines for external outward reinsurance to be adjusted every year; this information is presented to the Boards of Directors of the French insurance companies in accordance with the regulations in force.

Reinsurance report

The Groupama SA reinsurance report is prepared every year by the DCER, and then presented to the Board of Directors and sent to the ACPR. This report presents the Group's policy relating to outward reinsurance and the terms for implementing it (including the general procedures) as well as the report on renewal of the Groupama SA reinsurance scheme for the current year.

3.4.5.10 Investment monitoring and management

The investment management methods and control mechanism are described in point 3.4.4 (see above).

3.4.5.11 Risk management related to loans, guarantees and off-balance sheet transactions

Groupama SA, in its capacity as a parent holding company, ensures the clearing and monitoring of financing and guarantee transactions, both internally and outside the Group. The Group Finance Department, working with the Group Legal Department within the General Secretariat, is responsible for this monitoring, and a report is prepared for the ACPR on the adjusted solvency file.

3.4.5.12 Monitoring solvency and profitability

The principles governing the monitoring of solvency and profitability are defined within the framework of the Group's capital management policy validated by the Board of Directors of Groupama SA.

Within the framework of Solvency II, the solvency risk is monitored on a quarterly basis by calculating the solvency ratio at Group and entity level.

The Investment Department assesses the sensitivity of these ratios to several market environments on an annual basis.

On the basis of strategic and operational planning activities, the Solvency II coverage ratios at group and entity level are projected over three years according to a number of scenarios (central and stress tests) and analysed in the context of the ORSA.

The monitoring of results and the target contributions of entities to the Group ROE are dealt with in the context of the system presented in point 3.4.1.3 a. *Ad hoc* analyses are conducted at least once a year in order to compare the actual and projected results within the framework of the SOP compared with the target contributions to the Group ROE.

The monitoring of profitability and the coordination of the profitability of required capital is integrated in the budgetary procedure and the strategic coordination of entities, see 3.4.1.1. The aim is to control the profitability of business lines and their volatility after reinsurance during the strategic and operational planning period. Specific indicators incorporating the Solvency II capital requirement are calculated, analysed and monitored in the context of the Partial Internal Model of non-life insurance business lines as set forth in point 3.4.5.2.

Within the framework of Solvency 1, the Group Financial Control Department, within the Group Finance Department, calculates the adjusted solvency for the Group every year as required by regulations. This calculation is reviewed for consistency by the statutory auditors, and the DFG prepares the Groupama SA solvency report.

In addition, the Investment Department tracks the solvency of Groupama SA and its subsidiaries as well as their hedging for regulated commitments:

- verification of solvency margins based on elements submitted by the subsidiaries;
- verification of hedging for regulated commitments (sufficiency and quality of admissible items);
- verification and decision concerning the terms for allocation of the annual earnings of the subsidiaries.

The Investment Department also closely monitors the following:

- Groupama SA's balance between the supply and use of funds;
- changes in the holding activity of Groupama SA;
- changes in the combined solvency margin between two accounting periods.

Lastly, the Investment Department tracks any distortion of Groupama's combined regulatory solvency margin and assesses its sensitivity as well as that of the capital surplus according to the models used by the rating agencies.

3.4.5.13 Monitoring of operational risks

(a) General organisation

As far as the management of operational risks is concerned, the Operational Risks management policy of the Group and Groupama SA was approved by the Board of Directors of Groupama SA on 27 May 2015. This policy defines the reference framework which specifies the management rules and principles governing potential and actual risks affecting the Group.

The Group Permanent Control/Compliance Department coordinates and supervises the management system for operational risks for the Group as a whole, with the Group Risks Department playing a similar role for insurance and financial risks in close cooperation with the regional mutuals and insurance, financial, service and resource subsidiaries.

The Group has opted for a so-called process-based approach for the management of the operational risks that it faces. This approach involves identifying and evaluating the potential risks for each activity and the control systems applied.

The principle is based on formalising the processes of each firm, determining the operational risks likely to affect these processes and identifying the control and management elements of the corresponding risks, by referring to the Group process standards and the Group nomenclature of operational risks made available to the firms.

Ten Major Operational Risks have been identified at group level in this context and they are monitored both at company and group level. The monitoring system for major operational risks functions, 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. It is underpinned by a scenario-based analysis (an intermediate scenario and an extreme scenario defined at group level) determined for each major risk on which each firm within the Group is required to express an opinion by assessing the operational risk that it faces in the context of the scenario concerned. The risk owners establish risk control plans for the major operational risks facing the Group, which are implemented within the Group's entities.

The monitoring system for the major operational risks facing the Group is coordinated by the Group Operational Risks Committee (see § 3.4.2.2 a above).

With regard to permanent control, the Group's actions were extended in 2015 with the continued roll-out of the initiative within all Group entities, for both level 1 and level 2 permanent control (see § 3.4.2.2 a above on the *ad hoc* workshops held on the subject).

In addition, employees of the Group Permanent Control/Compliance Department (in collaboration with the International Subsidiaries Department for the subsidiaries concerned) provided support to each entity throughout the year, to assist them with implementing this project.

In terms of Business Continuity Management, the business continuity policy of the Group and Groupama SA, which serves as a guiding principle in the implementation of the Business Continuity Plans (BCP) of all the Group entities was updated and approved by the Board of Directors of Groupama SA on 27 May 2015.

The different features required to manage the three instances of major unavailability (personnel, buildings and IT systems) were identified and are being documented within the entities. This involved the Crisis Management Plan (CMP), Communications Plan (COMP), Personnel Management Plan (PMP), Business Line Continuity Plan (BLCP), User Recovery Plan (URP), IT Contingency Plan (ITCP), Return-to-Work Plan (RWP) and Operational Readiness Maintenance (ORM).

In addition, methodological contributions were made thanks to the formalisation of standard practical sheets describing in specific terms the elements required for the activation and implementation of a BCP, in particular on the PCM, the PRU, the PSI, etc. and the content of the Crisis Management Plan, test kinematics and the warning procedure in the event of a claim. IT back-up and user back-up exercises were also carried out for the majority of Group entities.

An evaluation of the maturity of Business Continuity Plans was conducted at international level in 2015 by the International Subsidiaries Department in cooperation with G2S in order to optimise coordination.

Lastly, the roll-out of the common operational risk management tool to the Group entities continued during 2015. The tool will provide a cross-functional view of risks at Group level and meet the requirements for security and traceability of permanent controls.

(b) Methods of marketing the Company's products

The controls carried out in this area are performed in the form of internal checks by each of the Group's insurance companies.

The operational implementation of the ACPR recommendation and the AMF position publicised on 8 January 2013 on customer knowledge continued in 2015 *via* two upgrades of the Group's sales support tool, ISICLIC (France) intended to enhance the conformity of systems used to "collect information relating to customer knowledge within the framework of advisory duties in the life insurance sector". A corresponding Group training module was rolled out prior to the upgrade to the October 2015 version within the Group entities.

At the same time, the Group updated the evaluation system for salespeople within regional mutuals within the framework of the "labelling" of the latter.

Groupama SA does not have a directly owned sales force and only distributes insurance policies directly on a very infrequent basis.

(c) Control of logistical resources and IT systems

Description of the internal organisation

The logistical resources and IT systems are managed by the GIE Groupama Supports & Services (G2S). In addition to Groupama SA, Groupama Supports & Services manages the purchasing functions, IT systems and logistical resources for all of its members, including the regional mutuals, most of the Groupama SA French subsidiaries and certain international subsidiaries. All the systems described below apply to all customers of the GIE.

The CEO and Managers comprise the Groupama Supports & Services Steering Committee.

The Management Committee is now based on an organisation model constructed as follows:

- a Management Committee for each Business Department (IT, Logistics and Purchasing);
- specific guidance committees by cross-functional business lines;
- an IT Coordination Committee;
- an audit function reporting to the Executive Management;
- a risk management function reporting to the Executive Management.

Risk management, which covers the functions of security, internal control, compliance, risk management and operational risk insurance, is handled within Groupama Supports & Services by the Steering, Management Control and Risks Department:

- The Risk and Control Division is responsible for ensuring the quality of the control environment in compliance with the requirements defined by the Group, with the Executive Management responsible for monitoring the effectiveness of permanent controls and the establishment of risk management systems across all Company departments. It is also in charge of implementing and maintaining the GIE's Business Continuity Plans in an operational condition.

- The Security, Assistance and Compliance Division is in charge of drafting and guaranteeing the application of security, assistance and compliance policies both in terms of information system elements and elements relating to the security of individuals and premises. As such, this division also deals with:
  - the security of IS and plays an active role in the combating of intrusions and piracy;
  - the security of operating properties and their regulatory compliance;
  - the user back-up plan;
  - satisfaction of social and environmental responsibility requirements (single document, carbon assessments, etc.).

The Security Division also coordinates security and IT contingency governance at Group level.

The progress of all improvement/corrective action plans regarding logistics and IT is regularly monitored in the G2S Management Committee.

Since 2015, risk control activities have been reviewed twice a year by the G2S Risk Committee in the presence of the Chief Executive Officer and members of the Management Committee. The monitoring of G2S Major Entity Risks (RME) also falls to this committee.

Every year, a specific Groupama Supports & Services internal control report is produced and presented to the Board of Directors of the GIE.

IT and Logistics Governance

The strategy, organisation and budgets for IT and logistics, operational relations between Groupama Supports & Services and its customers, as well as the quality of IT services, are managed by various governance bodies.

OPERATIONAL IT COMMITTEE (COMOP)

This committee, which meets on a quarterly basis, includes the heads of IT from the G2S customer entities (Groupama SA, regional mutuals, subsidiaries in France). Among other issues, it deals with questions on the reliability and security of the IT systems.

LOGISTICS WORKING GROUP (WG)

This committee, which meets on a quarterly basis, is composed of Logistics Managers from the customer entities and the G2S Logistics Department. It manages and seeks synergies in the logistics segment.

BUSINESS AREA COMMITTEES

There are 4 Business Area Committees Insurance and Distribution, Collective Life Insurance, IAEC (PA Companies and Local Authorities), Steering Accounting Reinsurance and Tax.

They are made up of representatives from the management of the regional mutuals, Groupama SA Managers from the Business Departments, Managers of French subsidiaries, Customer Relationship Managers and G2S representatives for the four business areas.

In order to enhance efficiency, a merger is planned between the IAEC and Collective Life Insurance committees at the beginning of 2016 in order to present the regional mutuals with all the projects to be implement by G2S and Groupama Gan Vie by a single body.

For each business line, these committees:

- ensure the validity and relevance of the statement of needs;
- validate the proper execution of IT projects in line with the business priorities;
- rule on requests for IT upgrades;
- propose budget guidelines for the businesses.

CUSTOMER RELATIONSHIP COMMITTEE

This committee forms the interface between each customer and G2S; it handles IT issues as well as logistics issues for each customer:

- monitoring status and progress of projects;
- ruling on customer upgrade requests;
- consideration of the community files monitored within the Business Area Committees;
- budget management.

It meets every month or every quarter, depending on the customers.

It is made up of customers (including Groupama SA), the Customer Relationship Manager and representatives from the relevant G2S departments.

KEYS COMMITTEE

The keys committee in charge of customer invoicing methods and the IT services of G2S continued its work in 2015 based on a quarterly cycle. 5 files were examined and validated. In addition, 2015 saw the establishment of a keys committee dedicated to Logistical and Purchasing services.

The G2S Internal Control Environment

In accordance with the assignments of the “Risks & Internal Monitoring” Division, the Internal Monitoring system established within the GIE is based on a monitoring environment incorporated in the day-to-day business operations of each business line according to the Group approach to the procedures.

It is made up of a list of corporate processes for the three business lines of the GIE and its supporting functions. A coordination system led by The Internal Monitoring Department has been established with dedicated Process Managers. The aim is to determine main lines and optimisation campaigns and to guarantee a level of control based on evidence of monitoring with these monitoring elements being recorded in the Group’s OROp tool.

In 2015, the implementation of the process of formalising requirements for permanent level 1 monitoring (Permanent Monitoring Descriptive Sheets) in the OROp community tool was completed in core business processes:

- management of Information Systems;
- management of Logistics;
- management of Purchases and Supplies.

2016 will see the finalisation of the formalisation of permanent monitoring requirements in supporting processes and the gradual activation of the implementation of permanent level 1 monitoring with the recording of results in the OROp for the entire scope concerned.

Following on from the preparation of G2S for Solvency II, the documentary cartography was updated in 2015 including:

- formalisation of an internal monitoring policy;
- updating of business continuity and operational risk management policies.

The G2S Business Continuity Plan (BCP)

The BCP was supplemented in 2015 by the completion or updating of the different cross-disciplinary components of the BCP:

- the PGC (Crisis Management Plan), which describes the organisation and mechanisms to be implemented in the event of a serious crisis;
- the PRU (User Back-up Plan), which provides a plan for back-up in the event of damage to property;
- the G2S PSI (IT Disaster Recovery Plan), which undergoes two global tests every year;
- the PMCO (Plan for Maintaining Operational Conditions) which describes all the methods used to keep all the BCP systems operational and adapt it if applicable to the contextual, organisational or technical developments of G2S and the planned operational test methods.

Two cross-disciplinary elements have been given priority for 2016:

- the PMP (Personnel Management Plan) which describes the organisation and different arrangements made for the management of personnel according to different crisis phases on the one hand and the management of social relations within the Company on the other in line with the Group's guidelines;
- the COMP (Communications Plan) which describes the internal communication of G2S and communication with its customer in the event of a major crisis (the Communication Department of the Groupama SA Group is in charge of external communication in this context).

Pending the finalisation of these two deliverables, preventive measures will nevertheless be defined which may be applied in the event of a crisis.

The reference documents for the business lines have been updated by all the G2S departments in order to take into account the different organisational and contextual developments:

- the BIA (Business Impact Assessment), now completed for all G2S business lines, identifies critical activities;
- the PCM (Business Line Continuity Plan) identifies workarounds as well as their associated procedures to be initiated in the event of a major accident or disaster.

The organisation of a number of operational exercises has guaranteed the actual implementation of the back-up plans described in this BCP:

- tests were conducted in the 2nd quarter of 2015 on workaround solutions for critical "digitisation" and "real time support" activities;
- a PSI exercise was conducted to check the operation of critical applications for G2S in the back-up data centre in Mordelles, which had a success rate of 93%;
- a PRU exercise was conducted in October 2015 with the IBM Noisy building being used as a back-up for the Ile de France buildings with a success rate of 98%.

In 2015, emergency assistance exercises were also carried out for the other Group entities. PSI exercises were also conducted by Groupama SA with a test success rate of 96%. A PRU exercise was also carried out in October by Groupama SA with a success rate of 95%.

Control and Security of IT systems

The RSSI, head of Group IT security, defines the security policy for the IT systems (PGSSI) and manages the roll-out of the security approach within the Group. He also acts as RSSI (company) for Groupama SA.

Moreover, since the end of 2013, the RSSI function has also been responsible for managing the mechanisms for control of major Group risks relating to the IT systems.

These major Group risks are reviewed every half-year by the Steering, Management Control and Risks Department (G2S DCPR); this review results in a report that assesses the relevance of the business control mechanisms in place and monitors plans for improvements to risk control. These risks are regularly reviewed by the Group Operational Risks Committee and on an annual basis by the Group Risk Management Committee.

The main actions taken during 2015 were:

- extension of the G2S control responsibilities to all Group entities in collaboration with the heads of security, appointed in the entities in France and abroad;
- the introduction (or acquisition) by G2S of permanent monitoring tools to guarantee the security levels of the Group's Websites and the real time protection of these sites. The scope will be extended in 2016 to new technical systems to enhance the detection of potential cyber-attacks;
- the finalisation of the enhancement and extension of the monitoring service to new areas (24 hours a day) for essential systems (lot 1). The scope will be extended in 2016 to new technical systems to enhance the detection of potential cyber-attacks;
- adaptation of the training offered to developers to cover new threats, so that they can acquire the knowledge and skills they need to develop web applications that are not vulnerable;
- construction of a set of standards for reaction to events, to face up to the increasing complexity of attacks and vulnerabilities.

During the 1st half year, G2S initiated the construction of a new security master plan, the objective of which is to define the future guiding principles for the period 2015-2019. Its operational launch is planned for 2016.

Control and Security of Logistical Resources

The control and monitoring of premises, facilities and equipment involves the management of the life cycle of equipment and buildings to the satisfaction of GIE customers at the same time as complying with the legislation in force.

Compliance of buildings is regularly audited. All anomalies are listed in a progress plan, which is monitored every month at a meeting of the Security and Logistics Working Group.

G2S has developed a sheet for each building managed by G2S and occupied by Groupama SA personnel; this sheet shows the regulatory controls. These sheets are checked every quarter by teams from the Security, Assistance and Compliance Division of G2S. The results and reports will be recorded in the OROp tool in 2016.

Incident management

G2S uses an incident declaration system for its IT and Logistical businesses based on a tool which centralises all incidents and monitors their settlement on the basis of work flows involving the different skills groups of G2S.

The major incidents affecting the availability of IT and logistical services have also been stored since 2015 in the OROp community tool for the management of operational risks.

Significant incidents such as those occurring in 2015 (no access to community IT applications for a day in August due to non-compliance with processes or power cut in the production systems in November following an air conditioning incident) are subject to specific audits and recommendations intended to determine the action to be taken to anticipate the occurrence of this type of incident and improve the activation and terms of crisis management for major incidents.

Other Controls and Security Procedures

Regular controls and risk management procedures are also applied with respect to a number of activities, particularly:

- the purchasing process: suppliers are subject to an annual check; contracts are checked and validated for legal compliance; purchases are centralised; checks are made to make sure that the amount of the order is in keeping with the budget;
- the IT asset base: controls are carried out not only on the provision of services expected but also on costs. The unit costs for Groupama Support & Services are regularly compared with costs charged by equivalent companies in France;
- project implementation: monthly project reviews are scheduled, one of their key points being the analysis of project risks and their level of control, a quality assurance review, and architecture and operability reviews;
- continuity of operations: the two production sites, Bourges 1 and Bourges 2, provide customers of Groupama Supports & Services with continuity of operations guaranteeing high availability of applications. This service is reserved for the most critical infrastructures supporting these applications; regular exercises are carried out switching between one site and another;
- management of incidents and the Help Desk: these are monitored and controlled using specific incident measurement indicators;
- availability of production services: this consists in checking that the SLA (Service Level Agreement) between Groupama Supports & Services and its customers is complied with;
- security of production operations: this is ensured *via* traceability using identification, authentication and audit procedures.

Control and Management of Major Inter-company Risks

CONTROL OF EXPENDITURE AUTHORISATION

The control of expenditure authorisation is handled through the IT system built on SAP software. Purchasing requests, orders and accounts payable are handled through internal GIE validation workflow, while payments themselves are made by Groupama SA's Accounting Department.

The work carried out since 2014 has improved the security and harmonisation of the expense authorisation process and harmonised the processes of the IT and logistics channels, with:

- centralisation of the order activity in a dedicated "supply" function within the Purchasing and Supply Department;
- reinforced controls applied to the validation circuits in the SAP tool;
- optimisation of management with the roll-out of new indicators.

COVERAGE FOR OPERATIONAL RISKS

Five years after the establishment of the first framework insurance contracts covering Groupama's operating risks (e.g.: Professional Civil Liability and Operations, Fraud, etc.) in addition to the introduction of specific cover for certain group activities (e.g.: banking, assistance, etc.), Groupama Supports et Services conducted an in-depth analysis in 2015 on solutions for the transferral of existing operating risks in order to identify sources of potential savings and propose improved cover.

The principal actions undertaken in 2015 were the following:

- the renewal on 1 July 2015 of the first Professional Civil Liability line by incorporating a reduction in the excess to €500,000 for regional mutuals;
- changes in the Group's professional civil liability cover, which increased to €75 million, following the enforcement of the Hamon law authorising group action under certain conditions;
- the extension of the Fraud programme to regional mutuals with more relaxed pricing and membership terms (7 regional member mutuals), which is to be implemented on 1 January 2016.

A feasibility study is also being conducted with the aim of establishing cyber risk cover for the Group as whole by the 1st half of 2016.

(d) Control of overheads, trade payables and outsourced activities

Control of the Management of Overheads by Groupama SA and its Subsidiaries

Expenses by the subsidiaries are incurred in the context of monitoring those subsidiaries as described in 3.4.1.3.

The overhead expenses of Groupama SA's departments, including those billed back by the Groupama Supports & Services (G2S) resources unit for logistical and IT expenditures, are provided for in the annual budgets deliberated by the Executive Management.

The expenses, as well as the budgets, of the Groupama SA departments are consolidated with those of the main life, non-life and financial subsidiaries in France and abroad and are subject to regular monitoring implemented and coordinated by the Analysis and Management Control Department of the non-life entities in France and Groupama SA within the Group Financial Control Department, in particular *via* key indicators, overheads reports and financial reports.

More specifically, with respect to the monitoring and control of the expenses incurred by the departments of Groupama SA, the following should also be noted:

- a three-year budget forecast is prepared by the departments every year;
- an automated work flow defined in accordance with precise internal control rules has been applied to the order/purchasing process: this system makes it possible to separate the tasks among the requester, the approval body and the payer, and to automate budgetary control and to account for expenses automatically as soon as a commitment is made.

Regarding the management of expense reports, controls carried out by the Group accounting and analysis and management control departments of the non-life entities in France and Groupama SA supplement the automatic controls performed by the SAP tool, the use of which has been decentralised among the Groupama SA departments.

Internal Control of the Groupama SA Purchasing Process

After approval by the Steering Committee and the support expressed by its Works Committee, Groupama SA appended a purchasing ethics charter to its Internal Regulations on 29 March 2006.

As indicated below, an order/purchase management system has been used since 2006 for practically all Groupama SA purchases, excluding assignment expenses which are entered directly in the SAP accounting system.

This system is used:

- to monitor all suppliers;
- to account for costs as soon as the commitment is made, using an integrated SAP feature;
- to secure the distribution of tasks between the principals, the approving bodies and the Accounting Department;
- to automate budget control and the cost distribution process;
- to help reduce the amount of time it takes to prepare financial statements and to improve the quality of the financial forecasts;
- to secure supplier payments as related to actual deliveries in keeping with orders;
- to clear all invoices with the cost monitoring unit within the Group Accounting Department.

The periodic monitoring of supplier risks has resulted in the implementation of specific actions:

- establishing specific Supplier Relationship Management reviews;
- dedicated progress plans for key suppliers;
- posting of supplier contracts online.

Control of Outsourced Activities

The monitoring of subcontracted activities is incorporated in the Group's overall internal monitoring system presented in the Group Internal Monitoring Policy, the main lines of which are presented in detail in the Group Subcontracting Policy.

The subcontracting policy of the Group and Groupama SA, validated by the Board of Directors of Groupama SA on 30 July 2015, sets forth the rules and terms of application relating to the establishment, management, monitoring and control of subcontracted services taking into account the challenges involved with each subcontractor, irrespective of whether subcontracting is carried out within or outside the Group.

Subcontracting within the Group is governed by the same conditions but takes into account the extent to which these internal services are monitored *via* the Group's governance system and the existing risk management systems.

The policy presents important or critical service providers with obligations to be respected in terms of internal monitoring and reporting on this system.

It also presents the permanent level 1 and 2 monitoring system to be implemented by the Group's delegating companies to guarantee compliance with the provisions of the subcontracting policy and the protection of subcontracting activities.

This system focuses on the following points:

- the contractual framework and service quality commitments;
- the documentation linked to the service provider's knowledge;
- the organisation and formalisation of monitoring committees;
- the communication of business monitoring reports by the service provider;
- the implementation of checks relating to the monitoring of the service and invoicing;
- the operational monitoring of incidents on the premises of the delegator or delegatee which have a significant impact on the provision of the service.

The policy also provides for the implementation of a level 3 monitoring system provided by the internal audit services of delegating firms or the Group's General Audit Department for activities subcontracted within the Group.

3.4.6 RELIABILITY OF FINANCIAL DATA

The Group Financial Control Department within the Group Finance Department is responsible for preparing the financial statements and the notes to the shareholders, sponsoring authorities and tax authorities.

3.4.6.1 Parent company financial statements

The parent company statements are prepared with an ongoing objective of identifying all funds flows in detail, assigning a value to them and accounting for them in accordance with the regulations in force.

The types of internal control procedure implemented to that end are listed below:

- security procedures and internal checks: every area Manager guarantees that the work load is appropriate for the skills of their staff and ensures the compatibility and distribution of functions among their employees;
- integrated control and control tests: this refers to all operations guaranteeing the reliability and existence of an audit trail when data are charged to the accounting, tax and regulatory information system, in particular:
  - the functions and applications used to perform reliability tests and tests to check on the accuracy and consistency of accounting transactions,
  - other non-electronic actions and tests, mainly focusing on consistency checks carried out by random sampling on large-volume transactions, with very low unit amounts (e.g., balancing of policyholder balances, tax statements);
- hierarchical control: the objective of this is to distribute information and enable the cross-checking required to ensure the reliability of the parent company financial statements. This is done through several current management procedures and in inventory:
  - within current management:
    - separation of the functions of commitment and payment of expenses:

      expenditure of a technical, general or financial nature is in principle ordered by persons outside the Group Financial Control Department who are authorised up to a certain ceiling based on the type of expense; payment of these expenses is initiated by the Group Financial Control Department only after a signature different from that of the authorising officer,
    - monitoring of banking authorities:

      delegation of signature authority for banking transactions, granted to some employees, is subject to administrative monitoring and regular updating; these functions have been the responsibility, since 1 July 2014, of the Group Legal Department, in close liaison with the Group Financial Control Department,
  - within inventory management and preparation of the financial statements:
    - regular review meetings between the Group Financial Control Department and the other departments designed to provide an overview of all the flows for the year and anticipate their integration into the financial statements,
    - measurement of the consistency between the parent company statements and the estimated statements in collaboration with the various teams of the Group Financial Control Department,
    - building up a set of supporting documentation for the year's financial statements under the supervision of the reviewer's direct superior, then the department head,
    - review of parent company and Group tax income/expense with the Group Tax Department,
    - internal meetings within the Group Finance Department to deal with different operational and functional views and thus to ensure the validity of the Groupama SA auxiliary and parent company financial statements,
    - approval of the financial statements by the Executive Management.

In the framework of its position as parent company of the Group, Groupama SA handles the accounting for a number of subsidiaries through its Service Sharing Centre (operating SCIs, GIE Groupama Support and Services, holding companies and other subsidiaries); it also handles investment accounting for the French profit centres.

The Group Financial Control Department prepares the financial portion of the financial statements (securities and real estate, plant and equipment) for the profit centres, using an auxiliary accounting system. For those entities in particular, it works with the Group Tax Department to calculate the financial tax income/expense (securities and real estate, plant and equipment) and drafts the statutory financial statements to be sent to the ACPR.

The tools and procedures used to keep investment auxiliary accounts (back-office securities and accounting tool) and the accounting systems of the entities without the means to have their own Accounting Departments comply with the same internal control criteria as those described previously for the Groupama SA parent company statements (see above). With regard to the investment accounting system, it should be noted that standardised controls, which are subject to written procedures, can be used to guarantee the reliability of the information regarding investments.

3.4.6.2 Consolidated Accounts

The internal control procedures used to establish the reliability of the consolidated financial data for the shareholders of Groupama SA are based on six basic principles: checking the suitability of skills (internal check), integrated control, parallel control tests, hierarchical control, Group benchmarking and the result forecasting procedure.

(a) Security and Internal Checking Procedures

They are applied for the departments preparing the consolidated financial statements in the same way as described in the section on the parent company financial statements (see above).

(b) Integrated Control

The Group's system for developing condensed financial data has been implemented throughout the entities. It is based on a single consolidated data production base. All the entities supply this database with data through secure links. It contains a large number of controls designed to guarantee the quality of the financial data:

- the first level of verification entails checking the standardisation of the data (all the Group's data is presented in a format that follows a single standard);
- the second level involves a series of automatic checks built into the entities' individual data collection phase. These checks mainly relate to the overall accuracy and consistency of the items entered. Depending on the types of control, the data input may either be blocked automatically (which can only be cancelled if the exact data is input), or else the control returns an error, which must be corrected. An audit trail of these controls is maintained centrally. The software allows a fairly high level of automatic control through the development of interfaces with the upstream systems;

- at the central level, additional controls are carried out. These mainly involve the necessary consistency of the data between the different entities in the Group (e.g. for internal reciprocal transactions) and central transactions (conversion of foreign subsidiaries, consolidation entries, etc.).

The system has an audit trail that can run any cross-checks that might be desired, to identify and monitor any data item and trace the source of any elementary data, from the parent company to the consolidated level. This set of parameters is tested regularly (particularly by republishing old scenarios).

(c) Control Tests

A set of verification and control tests has been put into place to ensure that transactions are executed reliably whether they are electronic or not. In addition to the electronic processes, these tests have two main objectives:

- to check the source of the data (with respect to accuracy and application of the standards); this control is based mainly on consistency checks, estimates, parent company analytical notes (or the management report) of each entity, and on a management questionnaire designed to ensure that the Group's most sensitive accounting standards and methods are properly applied;
- to verify the central processing: accuracy checks are carried out to guarantee that central consolidation transactions are correctly processed (sharing of shareholders' equity, dilutions/accretions, etc.).

The control tests are documented in a review manual.

(d) Hierarchical Control

Hierarchical control seeks to ensure that the principal items affecting the truthfulness and accuracy of the financial data, as well as the asset position and the profit/loss (parent company and consolidated) disclosed to the shareholders, are captured in the data presented. This control involves the use of several procedures:

- checking for consistency with the estimates and with any item used to cross-check the data appearing in the financial statements;
- meetings to approve the financial statements with the employees producing the financial data (with a review of any problem areas encountered during the approval process);
- approval meetings with the statutory auditors of the consolidated financial statements;
- meetings with the Steering Committee to review the consolidated financial statements;
- meetings with the Audit and Risk Management Committee to review the consolidated financial statements.

All of these tasks are aimed at enhancing the quality of the financial data, particularly the consolidated financial statements as well as the management report to the Board of Directors.

(e) The Group Standard

The accounting standards for the consolidated financial statements are the IFRS. They are distributed at group level, and instructions for using them are given in a consolidation manual containing reminders of each line item in the balance sheet and the income statement:

- IFRS reference text and a summary of the standard;
- the area of application and possible options selected by the Group wherever the IFRS allow the possibility of applying options;
- methods of application.

The consolidation manual is available online. It can be accessed by all the entities in the Group (French and English versions). It is updated regularly based on any changes in the IFRS.

This consolidation manual also includes instructions (French and English versions) issued at every closing to all Group entities. The instructions emphasise the specific items applicable to each approval process. These instructions are sent to the statutory auditors for information.

Training in both methodology and operations is provided regularly to all involved parties in the Group so that the requirements introduced by the IFRS are properly understood and incorporated into the financial statements.

(f) Procedure for Estimating Results (formerly known as pre-closing)

Since 2007, the Groupama SA Executive Management has introduced an operating methodology into the consolidated financial statements aimed at improving estimates of results by the different entities in the Group. This so-called "pre-closing" methodology is based on the data from the latest available forecast and helps to determine the most probable profit or loss to be contributed by each entity for the current year. It is integrated in the work on business reviews carried out in November/December (see § 3.4.1.3 a). It involves:

- a systematic and critical review of the principal aggregates making up the interim management balances;
- identification and discussion of the main problem areas specific to each entity in connection with the financial statements (instances of some particular transactions requiring a management decision by the Group's Executive Management, consequences of new accounting rules or regulations, treatment of certain disputes, and any other points requiring a final decision by the Executive Management).

This gives the Executive Management a detailed overview of earnings across the Board. In order to make the process more effective, analyses of post-closing differences are generally carried out. The purpose of these meetings is to understand and justify any differences between the anticipated profit/loss and the final profit/loss.

3.4.6.3 Combined Financial Statements

The internal control procedures applicable to the combined financial statements are similar in every way to those described above for the drafting of the consolidated financial statements. The operating procedures for drafting the combined and consolidated financial statements are strictly the same.

3.4.6.4 Supervision of Intra-group Accounting Transactions

Transactions between the subsidiaries and Groupama SA (internal loans, subsidiary restructures, capital increases, dividend payouts, etc.) are subject to approval by the Groupama SA Executive Management, and to technical and operational control by the Group Financial Control Department. Controls on these operations are carried out by auditing the consolidated financial statements, *i.e.* by reconciling intra-group transactions, monitoring any changes in shareholders' equity, and reviewing the transactions recorded for consistency with legal documentation.

3.4.6.5 Preparation for Solvency II regulatory reporting

In view of the future implementation of the Solvency II reform, the Group Financial Control Department also continued its work in 2015 to prepare for the future Solvency II regulatory reporting:

- with the contributing departments of Groupama SA: continued analysis of quantitative appendices and changes to these; discussions and work on the narrative report on the preparatory phase in the industrialisation of reporting processes in the framework of Process Review Groups (GEP) established in 2014, etc.;
- with the Group entities: continued organisation of workshops to present the various quantitative appendices and the planned processes, etc.;
- with the participation of group entities in the preparatory collection of the EIOPA in June/July 2015 in pillar 3 of Solvency II (implemented by each national supervisor –the ACPR in France) with the presentation of the prudential, solo narrative and group reports on 31 December 2014;
- with the participation of group entities in the preparatory collection of the EIOPA of quarterly data on 30 September 2015 and November 2015 for solo data and in January 2016 for group data;
- with the continued implementation and roll-out among all the Group entities participating in the preparatory collections of 2015 of the Group reporting tool Solvency II –Pillar 3 allowing for the conversion of the Solvency II quantitative statements to the XBRL format required by the EIOPA.

The Group Coordination and Results Department also established two written policies in 2015 entitled "Report to the Supervisor" and "Public Circulation" for the Group and Groupama SA. These written policies were approved by the Board of Directors of Groupama SA in July 2015 and form a basis for their implementation in the entities subject to Solvency II.

This work will continue actively in 2016 with:

- the continued analysis and industrialisation of the annual and quarterly quantitative statements;
- and the submission, within the very short time frames, of the quantitative and narrative reports according to the technical implementation standards adopted by the European Commission and the main lines of EIOPA for the solo entities as well as the Group.

3.4.7 OUTLOOK FOR GROUPAMA'S INTERNAL CONTROL

In 2016, the Group will continue to reinforce its risk and control system in line with the regulatory requirements of the Solvency II Directive, particularly with:

- the finalisation of the roll-out of level 1 and 2 permanent control plans and the common tool for operational risk management within the Group's entities;
- the extension of the ORSA reports (Own Risk and Solvency Assessment) to all group entities including international entities subject to Solvency II;
- further work on optimising the capital allocation by business line and on risk tolerance;
- the operational establishment of key functions in all the Group companies;
- compliance with reporting requirements.

3.5 REPORT BY THE STATUTORY AUDITORS ON THE CHAIRMAN'S REPORT

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

Statutory auditors' report prepared pursuant to Article L. 225-235 of the French Commercial Code, and dealing with the report of the Chairman of the Board of Directors.

(Fiscal year ended 31 December 2015)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
Tour Exaltis
61, rue Henri-Régnault
92400 Courbevoie

To the Shareholders,

In our capacity as statutory auditors of Groupama SA and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your company in accordance with the provisions of Article L. 225-37 of the French Commercial Code for the financial year ended 31 December 2015.

It is the responsibility of the Chairman to prepare and submit for the Board of Directors' approval a report on the internal control and risk management procedures in place within the Company and to provide any other information as required under Article L. 225-37 of the French Commercial Code pertaining in particular to corporate governance.

It is our responsibility:

- to report to you on information set out in the Chairman's report concerning the internal control procedures and risk management related to the preparation and treatment of the accounting and financial information;
- to certify that the report covers the other information required under Article L. 225-37 of the French Commercial Code, it being understood that it is not our responsibility to verify the accuracy of such information.

We have conducted our audit in accordance with the professional standards applicable in France.

Information concerning internal control and risk management procedures relating to the preparation and treatment of accounting and financial information

Under professional standards we are obliged to apply procedures designed to assess the accuracy of information on the internal control and risk management procedures relating to the preparation and treatment of accounting and financial information in the Chairman's report.

This consists of the following:

- reviewing the internal control and risk management procedures relative to the preparation and treatment of the accounting and financial information presented in the Chairman's report as well as any existing documentation;
- reviewing the work based on which such information was prepared and any existing documentation;
- determining whether any material internal control deficiencies we may have found in our audit in relation to the preparation and treatment of the accounting and financial information have been properly disclosed in the Chairman's report.

Based on this audit, we have no comments to make on the information given concerning the Company's internal control and risk management procedures related to the preparation and treatment of the accounting and financial information contained in the report by the Chairman of the Board of Directors, prepared pursuant to the provisions of Article L. 225-37 of the Commercial Code.

Other information

We hereby certify that the report of the Chairman of the Board of Directors contains the other information required under Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, 18 March 2016

The statutory auditors

PricewaterhouseCoopers Audit

Éric Dupont

Mazars

Jean-Claude Pauly

Nicolas Dusson

3.6 FEES OF THE STATUTORY AUDITORS

In 2015, like in 2014, the statutory auditors also performed a number of tasks that are directly related to the statutory auditing service but do not directly fall under the scope of legal audit tasks. The scope of these tasks and their implementation procedure fall within the charter governing the role and duties of statutory auditors within the Group.

These tasks represent an overall budget of €205.7 thousand in 2015 compared with €882.6 thousand in 2014.

In France, they represent a cost of €92.7 thousand, which essentially concerns Groupama SA. This relates primarily to due diligence linked to the review of social and environmental information. As a reminder, in 2014, fees from other assignments amounted to €771.2 thousand and included work on the independent validation of the SCR internal model for Solvency II. This work was not carried out during the 2015 accounting period but will be for the financial year 2016 based on the 2015 review.

Internationally, services amounting to €113.0 thousand essentially concern additional work provided for by local legislation (e.g. cantons life insurance in Italy, etc.)

Auditors who are not members of the Group's joint auditors' group generally work as co-auditors for some subsidiaries of the Group, particularly in real estate.

Summary of statutory auditors' fees

	Year 2015						
(in millions of euros excl. taxes)	Pricewaterhouse Audit Coopers		Mazars		Other		Total
1. Legal audit tasks							
1.1. Statutory auditors, certification, audit of individual and consolidated financial statements	**2,496.3**	**55.3%**	**1,704.0**	**37.7%**	**317.5**	**7.0%**	**4,517.8**
Groupama SA	575.1	53.1%	508.5	46.9%	0.0	0.0%	1,083.6
French subsidiaries	1,211.7	52.3%	979.3	42.3%	123.8	5.4%	2,314.8
International subsidiaries	709.5	63.4%	216.2	19.3%	193.7	17.3%	1,119.4
1.2. Other investigations and services directly linked to the statutory auditors' assignment	**22.1**	**10.7%**	**72.3**	**35.1%**	**111.3**	**54.1%**	**205.7**
Groupama SA	20.4	25.3%	60.3	74.7%	0.0	0.0%	80.7
Other subsidiaries	1.7	1.4%	12.0	9.6%	111.3	89.0%	125.0
Subtotal – consolidated financial statements	**2,518.4**	**53.3%**	**1,776.3**	**37.6%**	**428.8**	**9.1%**	**4,723.5**
2. Other services provided by the networks to the fully consolidated subsidiaries	**328.1**	**92.9%**	**10.3**	**2.9%**	**14.9**	**4.2%**	**353.3**
TOTAL – CONSOLIDATED FINANCIAL STATEMENTS	**2,846.5**	**56.1%**	**1,786.6**	**35.2%**	**443.7**	**8.7%**	**5,076.8**

Summary of statutory auditors' fees

(in millions of euros excl. taxes)	Year 2014						
	Pricewaterhouse Audit Coopers		Mazars		Other		Total
1. Legal audit tasks							
1.1. Statutory auditors, certification, audit of individual and consolidated financial statements	**2,437.2**	**54.9%**	**1,876.6**	**42.3%**	**126.0**	**2.8%**	**4,439.8**
Groupama SA	571.3	53.1%	505.1	46.9%	0.0	0.0%	1,076.4
French subsidiaries	1,197.0	52.2%	971.1	42.3%	126.0	5.5%	2,294.1
International subsidiaries	668.9	62.6%	400.3	37.4%	0.0	0.0%	1,069.2
1.2. Other investigations and services directly linked to the statutory auditors' assignment	**396.2**	**44.9%**	**486.4**	**55.1%**	**0.0**	**0.0%**	**882.6**
Groupama SA	394.5	51.2%	376.7	48.8%	0.0	0.0%	771.2
Other subsidiaries	1.7	1.5%	109.7	98.5%	0.0	0.0%	111.4
Subtotal – consolidated financial statements	**2,833.4**	**53.2%**	**2,363.0**	**44.4%**	**126.0**	**2.4%**	**5,322.4**
2. Other services provided by the networks to the fully consolidated subsidiaries	**0.0**	**0.0%**	**28.9**	**100.0%**	**0.0**	**0.0%**	**28.9**
TOTAL – CONSOLIDATED FINANCIAL STATEMENTS	**2,833.4**	**52.9%**	**2,391.9**	**44.7%**	**126.0**	**2.4%**	**5,351.2**

3.7 RELATED PARTY TRANSACTIONS

Related party transactions are presented in Note 44 on related party transactions in the Notes to the consolidated financial statements for the fiscal year 2015, audited by the statutory auditors.

3.8 MAJOR CONTRACTS

Over the past two years, other than during the normal course of business, Groupama SA and its subsidiaries have not entered into any major agreements with third parties that would confer a major obligation or commitment on the entire Group consisting of Groupama SA and its subsidiaries.

On the other hand, major agreements bind Groupama SA, its subsidiaries and the regional Groupama mutuals in the context of their business relations. These agreements are described in section 2 of Note 44 of the consolidated financial statements.

3.9 STATUTORY AUDITOR'S SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of the statutory auditors' special report on related-party agreements and commitments issued in French, and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Fiscal year ended 31 December 2015)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
Tour Exaltis
61, rue Henri-Régnault
92400 Courbevoie

To the Shareholders,

In our capacity as statutory auditors of the annual financial statements of your company, we hereby present our report on the related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the principal terms, conditions, as well as the rationale for the Company of the agreements and commitments that have been disclosed to us or that we may have identified as part of our mission, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R. 225-31 of the French Commercial Code (Code de commerce) and Article R. 322-7 of the French Insurance Code (Code des assurances), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code and Article 322-7 of the French Insurance Code in relation to the implementation during the year of agreements and commitments already approved by the General Meeting.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. These procedures consisted in verifying that the information provided to us is consistent with the underlying documents.

(a) Agreements and conventions to be submitted for the approval of the General Meeting

Agreements and commitments authorised during the year

In accordance with Article L. 225-40 of the French Commercial Code and Article R. 322-7 of the French Insurance Code, we were informed of the following agreements and commitments authorised by the Board of Directors.

FINANCING OF MAJOR PROGRAMMES

Financing of the banking activity's development in 2015

The Board of Directors, at its meeting of 18 February 2015, authorized the subsidy of a maximum of €9.5 million, net of corporate income tax, to regional mutuals to finance the banking activity's development. Each of these subsidies was successively authorised by the Board of Directors, the Chairman of the mutual concerned did not take part in the vote.

The subsidy actually paid to the regional mutuals for 2015 reached €4,873,154, net of corporate income tax.

Financing of the major 2016 programmes

For the financing of the major 2016 programmes, the Board of Directors on 17 December 2015 authorized the subsidies to regional mutual of a maximum of €9 million, net of corporate income tax, to support the development of the banking activity and of €3 million, net of corporate income tax, to pay part of the costs of the mutual certificates launch. Each of these subsidies was successively authorised by the Board of Directors, the Chairman of the mutual concerned did not take part in the vote.

The Board of Directors, during the same session, also authorized for 2015 the subsidy of €150,000, net of corporate income tax, to Groupama Rhône Alpes Auvergne, to pay part of the costs of the mutual certificates launch.

The subsidies for the financing of major Group programmes are justified by the objective of encouraging the regional mutuals to implement a global strategy for the benefit of all, and aim, for the mutual certificates, at strengthening the solvency margin of the Group under Solvency II.

Directors concerned: Mr Baylet, Mr Collay, Mr Cornut-Chauvinc, Mr Dagès, Ms Dubost, Mr L'Hostis, Mr Pivard, Mr Poupart, Mr Schmitt.

AMENDMENT TO THE AGREEMENT DEFINING THE SECURITY AND JOINT SOLIDARITY MECHANISMS

The Board of Directors on 30 July 2015 authorized, consecutively regional mutual by regional mutual, the amendments to the agreement defining the security and joint solidarity mechanisms, in order to:

- establish and formalize a mutual guarantee between Groupama SA and the regional mutuals to allow Groupama SA or the regional mutuals to respect at any time, from 1 January 2016, their cover ratio and to face a possible insufficiency of cover;
- adapt the audit process in case of a loss recorded by a regional mutual in its financial statements at the entry into force of Solvency II;
- cancel the possibility of termination at any time of the agreement and to plan a renewable duration of ten (10) years tacitly by period of five (5) years, except termination six (6) months before the maturity date.

These amendments were motivated by the prospect of coming into force of Solvency II on 1 January 2016 and the objective to respect the fongibility of shareholders' equity within the Group under the prudential group notion.

Directors concerned: Mr Baylet, Mr Collay, Mr Cornut-Chauvinc, Mr Dagès, Ms Dubost, Mr L'Hostis, Mr Pivard, Mr Poupart, Mr Schmitt.

CONTRACTS OF PROVIDENT ATTRIBUTED TO THE CHIEF EXECUTIVE OFFICER AND THE DEPUTY CHIEF EXECUTIVE OFFICER

The Board of Directors, on 18 February 2015, decided, in order to replace the previous provident scheme which was cancelled, to make the Chief Executive Officer and the Deputy Chief Executive Officer benefit from a new provident scheme, set up for the benefit of the members of the Executive Committee.

This decision was motivated by the increasing cost of the previous provident scheme and responds to the objective of costs rationalization, by the subscription of a contract more balanced in terms of services/contributions ratio.

The contribution paid in 2015 for this new contract was about €10,129.

Persons concerned; Mr Martel, Mr Collin (Deputy Chief Executive Officer until 18 June 2015).

(b) Agreements already approved by the General Meeting

Agreements and commitments approved in previous years that remained in force during the past fiscal year

In accordance with Article R. 225-30 of the French Commercial Code and Article R. 322-7 of the French Insurance Code, we were informed that the following agreements and commitments, approved by the General Meeting in previous years, remained in force during the during the past fiscal year.

FINANCING OF MAJOR GROUP PROGRAMMES

Concerning the grants authorised by the Board of Directors on 16 October 2014 for the financing of the major programmes for 2015, the subsidy actually allocated to the regional mutuals was of €2,013,334, net of corporate income tax joint IT expenses.

Directors concerned: Mr Baylet, Mr Collay, Mr Cornut-Chauvinc, Mr Dagès, Ms Dubost, Mr L'Hostis, Mr Pivard, Mr Poupart, Mr Schmitt.

AGREEMENT FOR A SECURITY AND SOLIDARITY SYSTEM

The purpose of this agreement, which was approved by the General Meeting on 18 December 2003, amended by a rider in December 2004 and December 2013, is to guarantee the security of management and the economic and financial equilibrium of all regional mutuals and Groupama SA and to organise solidarity among those entities. The agreement provides for procedures geared around five measures:

- Groupama SA issues any relevant instructions useful for the purposes of the Group;
- Groupama SA conducts a three-year audit of all regional mutuals and spot audits if losses are recorded by a regional mutual;
- solidarity fund mechanism for helping regional mutuals in difficulty; under this mechanism, the regional mutuals pay a portion of their net surplus, corresponding to 0.50% of their retained premiums, up to a limit of 50% of the annual surplus, with a cap at 3% of retained premiums;
- appointment of the Chief Executive Officers of the regional mutuals;
- agreement for combination of accounts, designating Groupama SA as combining entity.

Directors concerned: Mr Baylet, Mr Collay, Mr Cornut-Chauvinc, Mr Dagès, Ms Dubost, Mr L'Hostis, Mr Pivard, Mr Poupart, Mr Schmitt.

CONTRACTS OF PENSION SCHEME ATTRIBUTED TO THE CHIEF EXECUTIVE OFFICER AND THE DEPUTY CHIEF EXECUTIVE OFFICER

The Board of Directors, at its meeting of 19 February 2014, confirmed the supplementary pension scheme attributed to the Chief Executive Officer and the Deputy Chief Executive Officer, following the decision taken by the Board of Directors as at 15 December 2011.

Being a pension scheme under "Article 39", set up for the members of the Executive Committee, the contributions paid for the contracts of the Chief Executive Officer and the Deputy Chief Executive Officer are not individualized.

Persons concerned; Mr Martel, Mr Collin (Deputy Chief Executive Officer until 18 June 2015).

CONTRACTS OF PENSION SCHEME ATTRIBUTED TO THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Board of Directors, at its meeting of 19 February 2014, confirmed the defined benefits pension scheme attributed to the Chairman of the Board of Directors, following the decision taken by the Board of Directors as at 14 December 2012.

The contribution paid in 2015 was about €35,251.

Person concerned: Mr Dagès.

Neuilly-sur-Seine and Courbevoie, 18 March 2016

The statutory auditors

PricewaterhouseCoopers Audit	Mazars	
Éric Dupont	Jean-Claude Pauly	Nicolas Dusson

4

RISK FACTORS

4.1 RISK FACTORS

Groupama draws attention to the risks described below. These risks could materially affect the Company's activities, consolidated net income, financial position, solvency margin and its ability to achieve estimated results.

However, the description of risks is not exhaustive. Additional risks and uncertainties not currently known or deemed to be minor could, in the future, prove to be major and materially affect Groupama.

The risks described below are inherent to the nature of the Group's activities and to the economic, competitive and regulatory environment in which Groupama operates.

Given the multiple possibilities and uncertainties relating to these risks, the impact of the identified risks cannot always be accurately quantified. However, in order to prevent, detect and manage risks on an ongoing basis, Groupama has implemented numerous risk management processes, procedures and controls. As with any control and monitoring system, this should not however be considered an absolute guarantee. Rather, it offers reasonable assurance that operations are secure and results are managed.

The organisation of the risk management system is described in detail in section 4.2 of this reference document and section 3.2 of the internal control report. In addition, if the risks described in this section 4.1 result in a quantifiable financial impact or a material contingent liability, these are reflected in the Group's combined and consolidated financial statements, in accordance with applicable IFRS accounting standards.

The risks presented below are categorised based on their origin. They reflect the current view of the governing bodies as to the potential impact of each risk for the Groupama group.

4.1.1 RISK FACTORS RELATING TO THE INSURANCE BUSINESS

4.1.1.1 Cyclical nature of the non-life branch

The cycles associated with the non-life insurance business are of varying length. They may involve unpredictable catastrophic events or be impacted by general economic conditions and may result in alternating periods of intense rate competition and, conversely, rate increases.

These situations, which may result in lower premium income over the course of certain cycles, may lead to volatility and a worsening of the Group's net income and financial position.

4.1.1.2 Natural and human disasters

The increasing number of climate events, on a global level, as well another risks, such as acts of terrorism, explosions, the appearance and development of pandemics such as the H5N1 and H1N1 viruses and the impact of global warming may have major consequences, not only in terms of their immediate damage and impact, but also in respect of insurers' current and future activities and income.

The potential increase in compensation and claims, the emergence of new kinds of liability, growing uncertainty as to the volume and level of maximum losses may, for example, have a material impact on Groupama's business activities, consolidated net income and liquidity.

Through the diversification of its portfolio, the individual selection of risks accepted, the limitation of its exposure to risks (specifically in respect of natural disasters), the management of overlapping risks and reliance on reinsurance with, for example in storms, a level of coverage against the occurrence of a bicentennial event and a retention equivalent to a 10-year return period, Groupama significantly reduces the negative impacts of its exposure. However, despite the careful attention paid to the monitoring of these risks and the risk control systems put into place, Groupama, because of its historical customer base and the abundance of local climate events, might still experience major losses in the future on such risks, which would have a material negative impact on its financial position and net income.

4.1.1.3 Inadequacy of reserves to address losses in the non-life segments

The principles and rules for life and non-life underwriting reserves are presented in § 3.4.5.8 – Underwriting reserves in the internal control report and Note 3.12 – Technical operations, of the consolidated financial statements; their breakdown is detailed in Note 25 of the consolidated financial statements.

In accordance with the sector's practices and current accounting and regulatory requirements, Groupama establishes reserves both for claims and claims expenses relating to the non-life segments that it insures.

However, reserves do not represent an exact calculation of the corresponding liability but, instead, estimates of the claims amount, on a given date, using actuarial projection techniques. These reserve estimates are projections of the likely cost of ultimately settling and administering claims, based on our assessment of facts and circumstances known at that time, an analysis of historical settlement patterns, estimates of trends in claims' severity and frequency, legal theories of liability and other factors. However, claims reserves are subject to change due to the number of variables that affect the ultimate cost of claims. These factors may be varied, such as the intrinsic change in claims, regulatory changes, judicial trends, gaps inherent in the time lag between the occurrence of the insured event, notification of the claim and final settlement of expenses incurred in resolving claims.

These items cannot always be known, particularly on prospective basis. Actual losses may thus differ materially from the original gross reserves established. Consequently, the reserves may need to be increased or reduced, with an impact on net income.

Groupama continually reviews the adequacy of its established claims reserves with regard to its commitments. While the reserves currently established are sufficient and comply with the Group's prudent reserve policy, there can be no assurance that ultimate losses will not materially exceed the claims reserves established and will not have a material adverse effect on net income.

4.1.1.4 Uncertainties and changes in the forward-looking assumptions used to calculate the life insurance reserves and deferred acquisitions costs (DAC)

The establishment of insurance reserves, including the minimum guarantees found in certain group savings and pension products, the adequacy test performed on the life insurance policy reserves, the recoverability test on the deferred profit-sharing assets and the establishment of DAC rely, by their very nature, on uncertain information based on forward-looking assumptions about changes in factors that may (i) be of economic, demographic, social, legislative, regulatory or financial origin, (ii) relate to policyholder behaviour (surrender, lapses, persistency, etc.) or (iii) be specific to life insurance, such as mortality, morbidity and longevity.

Use of these many assumptions involving a high degree of estimation on the part of the Group's governing bodies, as well as changes in those assumptions or changes in the financial markets, may influence reserve levels, underwriting expenses and calculation of Groupama's DAC and could have an adverse impact on Groupama's net income, financial position and assessment of its valuation.

4.1.1.5 Requests for compensation that do not conform to the assumptions used to establish prices and to calculate underwriting reserves for life, savings and pension products

The profitability of the life, savings and pension products depends heavily on the extent to which actual claims match the assumptions used to determine prices for products, insurance policy servicing expenses and underwriting reserves.

If the benefits actually paid to policyholders were less favourable than those estimated based on the initial underlying assumptions, or if events or trends led us to modify those underlying assumptions, the Group would have to increase its commitments, which could reduce its net income.

As noted at § 4.1.1.4 above, establishing savings/pension insurance reserves, with or without specific guarantees such as minimum guarantees, naturally relies on uncertain information and judgements, both internal and external, and there are no guarantees that the reality of the products will not differ – positively or negatively – from these estimates.

4.1.1.6 Default of a reinsurer or increased reinsurance costs

While the purpose of reinsurance agreements is to transfer a portion of losses and related expenses to other insurers, they do not eliminate the requirement for Groupama, the direct insurer, to settle claims. In this regard, the Group is thus subject to the solvency risk of its reinsurers at the time that sums due are recovered from them (see § 4.2.5 – Risk of reinsurance insolvency, for the breakdown of the insurance reserves and recoverables by Groupama by reinsurer rating).

Although Groupama makes certain that its reinsurers are diversified and solvent, based on selection rules that are reviewed and updated regularly as part of the work of the Security and Reinsurance Committee, and although the financial crisis has not led any of the Group's reinsurers to default, they may find themselves unable to meet their financial obligations. This inability could adversely affect the net income.

Furthermore, the availability, amount and cost of reinsurance depend on overall current economic conditions and may vary considerably. In the future, the Group may be unable to obtain reinsurance at commercially reasonable prices, thus increasing its risk of loss due to lower levels of reinsurance, or its income statement could be adversely affected by the increased cost of reinsurance for its already-reinsured activities.

4.1.2 RISK FACTORS RELATING TO THE FINANCIAL MARKETS, THE FINANCIAL STRENGTH RATING, THE VALUATION OF ASSETS AND OTHER RELATED ASPECTS

4.1.2.1 The difficult and persistent conditions of the economy

Just like the market's other players, Groupama has been impacted in the past few fiscal years by the financial crisis and its repercussions, which have strongly affected the real economy at the global level. In Europe and especially in the eurozone, the low level of consumer and business confidence and the high unemployment rate have resulted in a level of growth at best weak in all countries where Groupama is active, especially in Europe and Turkey.

2015 was marked by the increase in:

- economic uncertainties (downturn in China resulting in the decline in commodity prices and weakening already moderate global growth);
- monetary uncertainties (uncertain results of expansionary monetary policies conducted by several central banks);
- geopolitical uncertainties (Ukraine, Middle East, Syrian crisis, attacks).

These uncertainties are reflected in the increased volatility of the financial markets in an environment of greater risk-taking because of low yields.

In addition, a technical factor like the decline in the market's liquidity poses a risk to the extent that it would prove insufficient to absorb sudden changes in market sentiments and, consequently, amplify price changes and therefore volatility.

The low rates of return on financial investments and the dependence of the Group's businesses on consumer behaviour and confidence have negatively affected the Group's revenues and net income.

4.1.2.2 Financing terms

Although the low level of rates is favourable for issuers, the overall decrease in ongoing risks among credit institutions has brought about more restrictive terms for granting loans. At the same time, the succession of unfavourable events for investors in subordinated debt (illiquidity, trading conditions, "bail-in") implies more difficult issue conditions.

Groupama needs liquidity specifically to pay its operating expenses, claims settlements, contract redemptions and its financial expenses.

The Group's primary sources of liquidity are generated by the insurance business, including insurance premiums, annuity products, reserve funds, asset management commissions, cash flow generated by its investment assets as well as by cash and other balance sheet equivalents. These sources of liquidity are supplemented by super-subordinated securities (TSS), perpetual subordinated bonds (TSDI), subordinated securities (TSR) and credit facilities (see Notes 21 – Shareholders' Equity and Note 24 – Financing Debt to the consolidated financial statements).

If current resources were unable to meet the Group's needs, Groupama would have to identify alternative financing methods that depend on factors that are both external (including market conditions, credit availability and volume of trade) and internal to the Group (financial rating, borrowing costs and perceptions of the short and long-term financial outlook).

Although Groupama has put proactive management of capital in place, by carrying out exchanges on its financial debts and actively managing its credit line, the Group may nevertheless still not be able to meet its liquidity needs or obtain financing under favourable terms in the event of significant stress on liquidity. Insufficient liquidity and/or prolonged restricted access to financing could materially affect the Group's business, net income and financial position.

4.1.2.3 The worsening of the solvency margins of Groupama SA's subsidiaries because of unfavourable conditions in capital markets and changes in the interpretation of regulations

Groupama's entities involved in the insurance business are subject to the regulatory capital requirements of various local regulators. These capital requirements imposed on insurance companies generally depend on the design of the products, underwriting volumes, assets invested, commitments, reserves and changes in the capital markets, specifically with regard to interest rates and financial markets, subject to specific provisions applicable in certain countries. These regulatory requirements may be tightened – even significantly – during periods of volatility and downturn in the financial markets and/or when interest rates fall.

The Group's solvency margin is particularly sensitive to conditions on the capital markets (equities, property, credit, and interest rates). Prolonged unfavourable conditions on the capital markets could adversely impact the Group's solvency margin further.

The Group monitors its solvency margin and its insurance disintermediation equity on an on-going basis to ensure compliance with current regulations and to ensure that Groupama SA and its subsidiaries are operating in an appropriate competitive environment.

Insurance regulators have broad discretion to interpret, apply and implement applicable rules with respect to solvency and regulatory capital requirements. If regulatory capital requirements are not met, regulators may impose additional requirements to cover certain risks, impose more conservative methods of calculations, or any other similar measures to significantly strengthen core equity requirements or restrict companies' activities.

Within and in application of the agreement defining the security and joint solidarity mechanisms between the regional mutuals and Groupama SA (see § 1.2.3 – Ties between the various entities of the Group), a contribution under the shape of subsidy, equity shares or loan could be organized if their shareholders' equity or/and results did not allow them to face sustainably their commitments and obligations.

Also, at the level of subsidiaries, the Group, and more particularly Groupama SA, could be brought to grant financing resources allowing them to improve their level of solvency margin, through in particular modifications in the dividend policy, capital increases or intra-group subordinated loans.

In recent fiscal years, Groupama has carried out capital increases of its subsidiary Groupama Gan Vie in 2011 and in 2012.

These measures could adversely affect the liquidity position, credit rating, the consolidated net income, and the financial position of the Group.

Finally, when rating agencies assess Groupama SA's financial strength and credit quality, they take into account the Group's solvency margin and the regulatory capital position of its insurance subsidiaries. If the ratings agencies find that the capital adequacy of Groupama SA and its subsidiaries is insufficient in respect of the agencies' criteria, the financial strength and credit rating assessment can be downgraded.

Although Groupama has set up systems to ensure sufficient solvency for itself and its subsidiaries, unfavourable capital market conditions, the evolving interpretation of regulations, and the rating agencies' criteria could adversely affect its activities, liquidity position, credit rating, consolidated net income, and financial position.

4.1.2.4 Downgrading of ratings regarding ability to pay claims and our financial strength

Ratings of ability to pay claims and financial strength remain important although disputed factors in establishing the insurance companies' competitive position vis-à-vis each other. Rating agencies may revise them at any time.

In an environment of changing group strategic guidelines, Groupama decided to abandon one of its two financial rating agencies, Standard & Poor's, in December 2012; the financial strength rating of Groupama SA and its subsidiaries by the remaining agency, Fitch Ratings, was "BBB+" with a stable outlook at the end of 2015.

A downgrade could have an adverse impact on the Group, such as (i) harming its competitive position, (ii) negatively affecting its ability to underwrite new insurance policies, (iii) increasing the surrender or termination rates of existing insurance policies, (iv) increasing the cost of reinsurance, (v) negatively affecting its ability to obtain financing and/or increasing the cost of financing, (vi) triggering the need for additional guarantees under certain agreements, (vii) harming its relationships with creditors or trading counterparties and/or (viii) adversely affecting public confidence in a material way. Any of the above could have an adverse effect on the activities, liquidity position, consolidated net income, revenue and financial position of Groupama SA.

4.1.2.5 Losses due to defaults by financial institutions and third parties, impairment of investment assets and vunrealised losses

Third parties that owe Groupama money, securities or other assets may not perform their obligations. These parties may be issuers whose securities the Group holds in its investment portfolios, public or private borrowers under mortgages and other loans extended, Groupama reinsurers, customers, trading counterparties, hedge counterparties, other third parties including intermediaries and brokers, commercial banks, hedge funds and other investment funds, clearing agents, market exchanges, clearing houses and other financial institutions (see Breakdown of the bond portfolio by rating and type of issuers – Note 6.10.3 – Bond portfolio by rating and Note 6.10.4 – Bond portfolio by type of issuer to the consolidated financial statements).

Third-party default may also concern third parties with which Groupama has entered into service agreements as part of the outsourcing of activities and may expose the Group to operating, financial and reputation risks.

Similarly, default, and even the fear of default, on the part of major third parties external to Groupama may also disrupt the markets, increase their volatility, generate a chain of defaults or even lead to widespread illiquidity, which would affect the Group or could affect its partners.

The causes of default by third parties may include: bankruptcy, lack of liquidity, downturns in the economy or real estate market, worsening of the financial markets or operational failures.

The year 2011, marked by the complete loss of market liquidity of Greek securities and the Greek government's solvency crisis, thus led Groupama, like most players in banking and insurance, to decide in early 2012 in favour of the contribution of its securities to the securities swap scheme proposed by the IIF and the Greek government and to dispose of all remaining Greek debt in 2012.

Although in recent years the Group has continued its operations to reduce risk on equities and the most exposed debts, exposure to Italian and Spanish sovereign debt remains significant (see Note 6.11 – Exposure to peripheral country debt – consolidated accounts; section 6).

Considering the increase in the cost of sovereign debt in the most vulnerable countries (cost of financing in real terms exceeding the rate of growth) and the intrinsic volatility of equity markets, Groupama may need to recognise impairment losses on the value of its invested assets. Groupama cannot, under any circumstances, guarantee that such losses or impairments of the accounting value of these assets would not sharply and adversely affect its net income and financial position.

4.1.2.6 Impairment of goodwill, acceleration of the amortisation of Deferred Acquisition Costs (DAC) and Value of Business in Force and/or the derecognition of deferred tax assets and deferred profit sharing

Changes in business and market conditions may affect the amount of goodwill carried on Groupama's balance sheet, the pattern and pace of DAC and VIF amortisation and the valuation of deferred tax assets. The value of certain of the Group's acquisitions, particularly in the areas most affected by the recent economic and financial crisis, depends directly on the position of the financial markets and level of operating performance. Impairment of goodwill had thus been recorded in certain Eastern European countries and Greece as at 31 December 2012. The impairment tests conducted as at 31 December 2015 did not result in the recognition of additional impairment.

In the future, the downturn in operating performance of the Group's acquisitions or in market conditions, such as a continued environment of low rates, could result in an impairment of goodwill, accelerate the DAC and VIF or lead to the derecognition of deferred tax assets. These items could adversely and materially affect the Group's net income and financial position.

Further information on the assumptions and results of the impairment tests is presented in Note 2 – Goodwill to the consolidated financial statements.

4.1.2.7 Fluctuations in interest rates and credit spreads

Periods of declining interest rates could have the following major effects on the Group:

- lower investment earnings because of the reinvestment of revenues or repayment of assets (scheduled or early as a result of lower rates) at levels below its portfolio's rate of return;
- reduced spread between interest rates credited to policyholders and the return on the investment portfolio;
- a modification of rate guarantees included in life insurance and annuity policies, given the difference in performance of investment portfolios;
- additional reserves for ordinary annuities affecting income and for retirement benefits affecting equity.

Conversely, periods of rising interest rates could have the following major effects on the Group:

- increased surrenders of life insurance policies and fixed annuity contracts as policyholders choose to trade off their investments in favour of higher-yield savings products;
- loss of competitiveness, which could lead to a loss of market share for non-redeemable life insurance liabilities;
- the possible realisation of capital losses to meet commitments by liquidating fixed-term investments when the prices of these assets are unfavourable in order to obtain liquidity. The adverse effect of these capital losses on the return on assets would increase the spread between the rate of return paid to policyholders and the market rate of return.

Although the Group has taken measures to limit and control the adverse effects of fluctuations in interest rates through Asset/Liability Management (see § 3.4.1.3.b – Management of the subsidiaries' assets and investment strategy) that seeks to calibrate the duration of assets to that of liabilities and reduce the volatility of the differential between the actual yield of the asset and the rate expected and *via* the use of hedging instruments, Groupama could be significantly impacted in terms of its growth, level of assets, expenses, losses or financial revenues, which could then materially impact its net income and financial position (see Analysis of interest rate risk sensitivity in insurance and on financial investments in § 4.2.3.1 – Interest risk rate).

Similarly, a widening of credit spreads could reduce the value of fixed-income securities held by the Group and increase net revenue from the purchase of new, fixed-income securities. Conversely, a tightening of credit spreads would increase the value of fixed-income securities held and would reduce net revenue from the Group's purchase of new fixed-income securities.

In order to strengthen its market risk control, Groupama rolled out a mechanism to limit risks in its assets across all its entities starting in 2014.

Although the credit risk objective is to limit the concentration of issues according to several criteria (country, issuer, ratings, subordinated issues), the current volatility of interest rates and credit spreads, individually or in conjunction with other factors, such as lack of pricing transparency, market illiquidity, falling equity prices and the strengthening or weakening of foreign currencies against the euro, could have a material adverse effect on the Group's net income and financial position and Groupama's cash flow through realised losses, impairments and changes in unrealised loss positions.

4.1.2.8 Fluctuations in exchange rates

Groupama publishes its consolidated and combined financial statements in euros. Nevertheless, Groupama is exposed to foreign exchange risk:

- firstly, through its operations and international development in regions outside the eurozone. In effect, although the Group does business primarily in eurozone countries, about 20% of its premium income at 31 December 2015 (27% on the consolidated scope) was derived from the business of its international subsidiaries (see Note 33 – Analysis of premium income to the consolidated financial statements), and about 7% was denominated in currencies other than the euro (9% on the consolidated scope), including the Turkish lira, Romanian leu, Hungarian forint, British pound, and Chinese yuan. The shareholders' equity of Groupama is therefore subject to fluctuations in exchange rates through the unrealised foreign exchange adjustment;
- secondly, through investment assets held by its subsidiaries in the eurozone, such as mutual funds or securities denominated in foreign currencies or euro-denominated mutual funds or securities tied to a foreign currency – mainly the US dollar, the Hungarian forint and the pound sterling. Changes in the value of these currencies against the euro have an impact on the Group's net income and financial position.

Although Groupama seeks to control its exposure to currency fluctuations *via* hedging, movements in exchange rates may have a significant impact on its net income, solvency margin and financial position. Similarly, the currency hedges that Groupama uses to manage foreign exchange risk may significantly affect its profits and the amounts available for the distribution of dividends by the subsidiaries, insofar as the unrealised foreign exchange gains or losses on these derivative instruments are recognised in Groupama's income statement (see Analysis of exchange rate sensitivity presented in § 4.2.3.3 – Foreign exchange risk).

4.1.2.9 Inflation rate fluctuations

Inflation is an on-going risk that weighs on the markets on which Groupama operates.

In 2015, prices in the eurozone remained stable on average. Inflation was almost zero, supported by the significant decrease in the energy component and particularly the drop in oil prices.

This environment of zero or slightly negative inflation promotes the persistence of low rates (see § 4.1.2.7 above).

However, the ECB's monetary policy includes prospects of a return to moderate inflation in the medium term.

In addition, social and political uncertainties as well as the volatility of prices of commodities and currencies are signs of tensions in certain countries where Groupama is active.

An increase in inflation rates or the failure to accurately anticipate higher inflation could have multiple impacts on the Group, mainly through the following consequences:

- an increase in the market interest rate that could reduce the levels of unrealised capital gains on some fixed-income securities, reduce the attractiveness of some of the Group's life insurance and savings products, especially those with a fixed interest rate, and increase the cost of financing the Group's future borrowing;
- impairment of equity securities and sluggish performance by equity markets in general. Such a weakening of the equity markets could lead to lower levels of unrealised capital gains on securities held by the Group, reduce the performance and future sales of unit-linked products with underlying securities, and affect the competitiveness and the results of the Group's asset management company;
- a deterioration in non-life insurance activities over long periods, such as construction and third party liabilities ("long-tail risks"), including in particular an underestimation of reserves at the time the latter are created and an increase in the amounts ultimately paid to settle claims;
- a systematic under-pricing of products.

These factors, which are a direct result of an increase in the inflation rate, are likely to have a negative impact on Groupama's business, net income, solvency margin and financial position.

Conversely, the persistence of zero inflation or disinflation and, in the extreme case, deflation is an obstacle to economic development and therefore insurance activities (no growth in insurance capacity) and increases the repayment constraints for the most indebted issuers and therefore the probability of default for the most vulnerable issuers, which would affect the net income if it occurs.

4.1.3 GROUPAMA'S INTERNAL RISK FACTORS

4.1.3.1 The dependency of Groupama SA, the holding company, on its subsidiaries for covering its expenses and payment of dividends

Although Groupama SA operates its own reinsurance business *via* the contractual mechanism of Internal Reinsurance, which binds the regional mutuals to Groupama SA, most of the Group's insurance and financial service operations are run by the direct and indirect subsidiaries of the Group holding company, Groupama SA. A significant share of Groupama SA's financial resources consists of dividends paid by these subsidiaries and funds that may be raised by issuing subordinated debt or bonds, or through bank borrowings.

Groupama SA expects that dividends received from its subsidiaries and other sources of funding will continue to cover the expenses it faces as a separate holding company of the Group, including interest payments on current financing arrangements (see the total dividends collected by Groupama SA in Note 27 – Information concerning subsidiaries and equity interests to the annual financial statements).

Some Groupama subsidiaries are also holding companies (e.g., Groupama Banque, Groupama Investment Bosphorus) and are dependent on dividends from their own subsidiaries to honour their commitments.

Legal and regulatory restrictions may also limit the ability of Groupama SA to transfer funds freely either to or from all of its subsidiaries. Some insurance subsidiaries may also be subject to regulatory restrictions in respect of the amount of dividends and debt repayments that can be paid to Groupama SA and other entities of the Group.

In view of the above points, Groupama SA could receive a reduced (or no) dividend from some of its subsidiaries, or be required to provide significant funding to some of them through loans or capital injections, which could significantly impact its cash situation and its ability to distribute dividends.

4.1.3.2 Assessments by the Group and its senior management

(a) In the valuation of certain investments

For some of the Group's financial assets for which there is no active trading market or where observable values are reduced or unrepresentative, fair value is measured by valuation techniques using methodologies and models incorporating assumptions or assessments that involve a significant amount of judgement (see § 3.2.1 – Accounting principles and methods used in the valuation of financial assets of the Notes to the consolidated financial statements).

Groupama cannot guarantee that the estimated fair values based on such valuation techniques represent the price at which a security may ultimately be sold or for which it could be sold at any specific point in time. The resulting differences in value as well as changing credit and equity market conditions could have a significant negative impact on the net income and financial position of the Group.

(b) In the determination of reserves and impairment

The determination of the amount of reserves and impairment varies depending on the type of investment and is based on periodic assessment and estimates of known risks inherent to each asset class. These assessments and estimates are revised when conditions change or as new information becomes available. The Group's senior management, based on this information and according to the principles and objective methodologies detailed in the consolidated and combined financial statements (see section 3 – Accounting principles and valuation methods used of the notes to the consolidated financial statements), analyses, evaluates and uses its best judgement to assess the causes of a decline in the estimated fair value of securities and the prospects for short-term recovery, as well as the appropriate amount of the resulting reserves for impairment.

Groupama cannot guarantee that its senior management has correctly estimated the amount of impairment and reserves recorded in the financial statements or that the impairment or additional reserves will not have a negative impact on the net income and financial position of the Group.

4.1.3.3 A decline in the growth of the Group's insurance, asset management and banking business lines

The development projections could come to a halt, or be lower than forecast, mainly as a result of difficult conditions in the financial and capital markets and changes in economic conditions in the sectors or countries in which Groupama does business. The development of the Group's life insurance, savings and pension products could also be negatively affected by changes in existing regulations, such as tax legislation.

The Group's inability to capitalise on its innovative products, partnerships or new distribution methods, to deploy them within the Group and develop them according to its objectives may adversely impact the growth of Groupama's business activity.

4.1.3.4 The diversity of the countries where Groupama operates

Groupama markets its products and services in Europe, Turkey, Africa and Asia through legal structures and various distribution channels such as majority- and minority-owned subsidiaries, partnerships, joint ventures, independent brokers, etc.

The diversity of the Group's international presence exposes it to different and sometimes rapidly changing economic, financial, regulatory, commercial, social and political environments, which may affect the demand for its products and services, the value of the investment portfolio or the solvency of its local commercial partners. In 2015, the Turkish subsidiary's net income was heavily impacted, like other local insurers, by the significant replenishment of reserves due to regulatory and judicial changes pertaining to motor liability.

The successful implementation of the Group's overall strategy could be affected by the environment of certain countries where Groupama operates and have an adverse impact on its net income and financial position.

4.1.3.5 The inadequacy of hedging programmes for certain products

Groupama uses derivatives instruments, including equity and treasury futures contracts, to hedge certain risks arising from guarantees given to policyholders.

However, in some cases, Groupama may not be able to use or chooses not to use these hedging techniques, the purpose of which is to limit the economic impact of adverse market trends, particularly in the capital and fixed-income markets, due to a lack of liquidity, the insufficient size of the relevant derivatives markets, or an overly high hedging cost.

Moreover, numerical estimates and the assessments of Groupama's senior management in implementing these hedging programmes, such as those for mortality, surrender rates, election rates, interest rates, volatility and correlation among the markets, could be significantly different to initial expectations and assumptions, which may significantly impact its net income and financial position.

Similarly, measures taken by Groupama to optimise the products covered by this type of guarantee, improve their profitability and avoid future hedging losses cannot constitute a guarantee and could significantly impact Groupama's business, competitive position, net income, and financial position.

4.1.3.6 Existence of contingent liabilities relating to discontinued, sold or liquidated operations and charges relating to other off-balance-sheet commitments

Groupama may occasionally retain insurance and reinsurance obligations and other contingent liabilities relating to the sale or liquidation of various activities or be required to provide guarantees and enter into other off-balance sheet transactions. The Group's reserves for such obligations and liabilities may be inadequate, which could require it to recognise additional charges that could significantly impact its net income.

For more information, see Note 46 – Commitments received and given to the consolidated financial statements.

4.1.3.7 Operational failures or inadequacies

The causes of operational failure or inadequacy inherent in the Group's business may be human, organisational, material, natural or environmental in nature and result from events or factors that are internal or external to the Group. The operational risk that this poses may manifest itself in various ways, including: failures or malfunctions of Groupama's information systems; business interruption of its vendors or of the financial intermediaries with which the Group works; error, fraud or misconduct by staff, policyholders or intermediaries; breach of internal or external regulations; or hacking or pirating of information systems.

Groupama takes extra care to ensure the maintenance, efficiency and modernisation of its information systems in order to integrate and respond to changes in technological, industrial and regulatory standards and customer preferences.

In the event of a breach or failure in quality, Groupama might be unable to obtain the information it needs to run its business or meet its customers' expectations, which could expose it to litigation or claims or increase its litigation and regulatory risks.

Although the Group strives to manage all of these operational risks as effectively as possible in order to reduce their potential impact (see § 3.4.5.13 – Monitoring of operational risks of the internal control report), these risks could lead to financial loss, loss of liquidity, business disruption, regulatory sanctions, or damage to Groupama's reputation.

4.1.4 RISK FACTORS RELATING TO THE DYNAMIC REGULATORY AND COMPETITIVE ENVIRONMENT

4.1.4.1 Heightened competition

Groupama operates in a market challenged by various players (insurance companies, mutual funds, protection institutions, commercial and investment banks, investment funds, asset management funds, private equity funds, etc.), which may be subject to different regulations, have multiple distribution channels and offer alternative products or more competitive rates than those of the Group.

Under this competitive pressure, Groupama may need to adjust its pricing on some of these products and services, which could adversely impact its ability to maintain or improve profitability and negatively impact its net income and financial position.

4.1.4.2 Regulatory changes and reform at the local, European and international level

The Group's business is subject to detailed and comprehensive regulation and supervision in the countries where it operates in respect of shareholders' net equity and reserve levels, solvency standards, distribution practices, concentrations and type of investments, rules for consumer protection and customer knowledge, and the rates of revaluation of life insurance products.

This regulation and supervision have been strengthened in the context of the financial crisis, both in Europe and internationally. A set of measures to reform the European System of Financial Supervision (ESFS) has been put into place, especially since late 2010. As a result, organisations such as the European Systemic Risk Board (ESRB) and the European Insurance and Occupational Pensions Authority (EIOPA) may issue guidelines and recommendations that could affect the Group. There are also recommendations and proposals issued or issuable by the Financial Stability Board (FSB) that may impact the regulation of financial groups in terms of capital, solvency, corporate governance, and executive compensation.

More specifically, the implementation of the 2009 European Directive on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), amended in 2014 by Directive 2014/51/EU (Omnibus 2), which enters into force on 1 January 2016, aims to establish a solvency scheme better suited for the risks incurred by insurers and to construct a system common to all European Union members.

The approach is based on three pillars: Pillar 1 on quantitative equity requirements and rules for measuring assets and liabilities and capital requirements, Pillar 2 on requirements for governance and management of risks incurred by insurers particularly with the requirement for insurers to conduct an Own Risk and Solvency Assessment ("ORSA") and communicate the results to the supervisor as part of prudential supervision, and Pillar 3 on reporting and transparency requirements.

Groupama was able to take account of the impacts of the changes in the prudential requirements under Solvency II through the various preparatory exercises requested by local supervisors (ACPR for France) particularly with the presentation of a selection of future Solvency II prudential statements, the preparation of an Own Risk and Solvency Assessment (ORSA) in 2014 and 2015, and its participation in the EIOPA stress tests in 2014.

In 2015, the Group also obtained the ACPR's approval to use the transitional measure on underwriting reserves for the life insurance subsidiary Groupama Gan Vie (the additional cost brought about by switching from the calculation of underwriting reserves according to Solvency I standards to Solvency II standards is spread out over 16 years) and a partial internal model on non-life underwriting risk at the Group level.

These new regulatory capital and solvency requirements heavily impact the Group in terms of governance, internal organisation, and risk management and capital management.

Ongoing compliance with the regulatory requirements and any commitments made to supervisors could have significant consequences on the Group, such as the deterioration of net income or its financial position as well as an increase in the required regulatory capital.

Changes in regulations that aim to strengthen the protection of policyholders and confer broad powers of regulation on the regulatory authorities could also affect its ability to sell the products that it offers.

Finally, the rapidly changing regulatory environment and the firmness shown by the regulatory authorities in the interpretation and application of current regulations also require that Groupama be especially vigilant in respect of compliance.

Despite the measures implemented to comply with existing regulations, Groupama could, through its activities as an insurer, Asset Manager, banker, securities issuer, investor, employer and taxpayer, be subject to regulatory investigations, sometimes accompanied by civil actions.

Systems to fight money laundering and the financing of terrorism are thus the subject of particular attention and controls by the legislative and regulatory authorities, with sanctions for non-compliance. Given the complexity and the stricter requirements on this topic (revision of the joint guidelines of the ACPR and Tracfin on the Tracfin reporting requirements, entry into force in June 2015 of Directive IV, to be transposed into national law within two years, etc.), both the risks and the costs of compliance are increasing.

Similarly, with regard to distribution, the entry into force of the Insurance Distribution Directive (IDD – to be transposed into each Member State's law no later than 23 February 2018) with broad requirements covering the duty to advise, management of conflicts of interest, supervision and governance of products, disclosure and transparency or the Regulation on key information documents for packaged retail and insurance-based investment products (PRIIPs) could also increase the costs of operational compliance of the Group's entities.

Lastly, the Group's actions now possible in France in certain areas of involvement (consumption and health in terms of compensation for bodily injuries) could increase the risks and litigation costs of the Group's entities.

This strengthening of regulatory requirements, the potential impact of which is difficult to estimate, could significantly affect the business, reputation, net income and financial position of the Group.

4.1.4.3 Changes to tax legislation and regulations at the local, European or international level

Changes to the tax laws of countries where Groupama operates may have adverse consequences either on some Group products and reduce their attractiveness, especially those that currently receive favourable tax treatment, or on the Group's tax expense.

Examples of such changes include the taxation of life insurance policies or annuities contracts, changes in the tax status of some insurance or asset management products and tax incentives or disincentives to investing in some asset classes or product categories.

In France and abroad fiscal pressure has stabilised and 2015 ended without any new significant tax measures. This positive finding can be illustrated in France by the reduction of the corporate tax, finally confirmed, from 38.10% to 34.43% starting in 2016 or the gradual phasing out of the corporate social solidarity contribution (C3S).

However, in non-life insurance, note the new two-phase increase in the rate of the tax on legal protection guarantees, which will increase to 13.4% on 1 January 2017 after an increase to 12.5% on 1 January 2016.

At the Community level, the draft "anti-BEPS" (Base Erosion and Profits Shiftings) directive, which includes various measures to fight tax evasion (including the general limitation of interest deductions) is being watched closely; however, in the draft's current version, it is not expected to have any significant impact for the Group.

Moreover, Groupama remains vigilant on the future interpretations or developments of the tax systems in the countries in which it operates that could lead to an increase in tax expenditures, generate compliance costs, or adversely affect the Group's activity, cash position, and net income.

4.1.4.4 Potential changes to International Financial Reporting Standards

Groupama's consolidated and combined financial statements were prepared in accordance with the International Financial Reporting Standards and IFRIC interpretations in final form and came into force on 31 December 2015, as adopted by the European Union. Projects to change the standards are underway at the IASB (the international accounting regulator); some of these projects could have a significant impact on the financial statements of insurance groups and other financial institutions.

The proposed changes would concern the recognition of the Group's assets and liabilities as well the income and expenses in the income statement. Their implementation could take place at the earliest on 1 January 2018 for IFRS 9 on financial instruments to replace IAS 39 (according to the IFRS 9 endorsement date for insurers at the European Union level) or 1 January 2021 for IFRS 4 (phase 2) on insurance contract accounting.

4.1.4.5 Diversity of legal systems in the countries where the Group operates

In recent years, Groupama has expanded internationally into countries where judicial and dispute resolution systems may have a different level of maturity to those of France or the countries of northern and southern Europe. As such, Groupama could find it difficult to take legal action or to enforce judgements in its favour. In such cases, the possible legal ramifications could adversely impact the Group's activities and net income.

4.2 QUANTITATIVE AND QUALITATIVE APPENDICES RELATED TO MARKET RISKS AND RISK FACTORS

This section corresponds to Note 47 to the consolidated accounts for fiscal year 2015, audited by the statutory auditors.

As a multi-line insurer, Groupama is subject to various types of insurance risks with variable time horizons. The Group is also exposed to market risks because of its financial investment activities, particularly credit risks and the risks related to interest rates, equity markets and foreign exchange. Liquidity and reinsurer insolvency risks are also specifically monitored by the Group. In addition, the Group is subject to operational, regulatory, legal and tax risks as are all companies in other business sectors.

4.2.1 ORGANISATION OF RISK MANAGEMENT WITHIN THE GROUP

The general principles, the objectives, and the organisation of 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 implementing and operating 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 implement 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 II, such as the ORSA (Own Risk and Solvency Assessment), and the operational implementation of the mechanism to limit risks to assets, have helped to significantly strengthen the overall risk management system of the Group's entities: better understanding of exposures to risks and risk profiles, structuring and development of quantitative and forward-looking assessments.

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 II 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 GIE Groupama Supports & Services is organised around three complementary systems:

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

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

- the 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.

4.2.1.1 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 primary insurance 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.

4.2.1.2 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 they are 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 II Directive, including work relating to ORSA particularly with the validation of stress scenario assumptions.

4.2.1.3 Group

The Group General Audit Department conducts a general economic and financial audit of the main entities of the Group on a three-year basis, in addition to the operational audits conducted within the entities as well as the 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 II, 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);
- implementing 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 the 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 entities 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.

4.2.2 INSURANCE RISKS

4.2.2.1 Prudential oversight

Pursuant to European Directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined Group.

4.2.2.2 Objectives for managing risks resulting from insurance policies and methods to limit these risks

The Group's insurance business exposes it to risks primarily related to product design, underwriting, claims management, valuation of reserves, and reinsurance.

(a) Product design

Most of Groupama's business lines are subject to strong and increasing competition from other insurance companies, bancassurance companies, and mutual insurance companies. This fierce competition places great pressure on the price of certain Groupama products and services and therefore on its profitability. The Insurance Divisions of Groupama SA ensure that the product line is adapted to the Group's strategy. Life and non-life insurance products are designed by the business units of Groupama SA and Groupama Gan Vie on behalf of the Group's companies. This design is the result of market and profitability studies performed with actuarial tools to control margins in collaboration with the Actuarial Department of the Group 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).

(b) 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.

Assignment of powers for underwriting and claims are defined in all of the Group's companies. Risks are accepted or refused at every level, based on underwriting guidelines that include the Group's underwriting and commercial policies. Underwriting in particular is secured through a cross Managerial control procedure and through integrated controls performed implicitly by the IT system.

Claims management procedures are defined on a standard basis throughout the Group, and are regularly updated in procedural specifications governing the management of bodily injury and property damage claims. Moreover, the integration of processing within the IT systems of the entities ensures that management actions are performed. Claims management includes a review of claims files starting at an average commitment threshold. In addition, claims settlement activity is safeguarded by an internal control procedure.

The Group's insurance business is explicitly or implicitly monitored using analytic procedures, such as regular analysis of the results of each entity and monitoring underwriting statistics and claims rates by entity. The most significant and most complex risks are individually monitored by the specialist Divisions and the entities concerned. In addition, these specialist Divisions also act to warn and advise the entities.

(c) Valuation of reserves

In accordance with the practices of the insurance sector and with accounting and regulatory requirements, Groupama recognises underwriting reserves to cover claims and its property and life insurance business lines.

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

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

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

The calculation of underwriting reserves in life insurance and certain underwriting reserves in non-life insurance is also based on the use of an interest rate known as the "underwriting interest rate", the conditions of which are fixed in France by the Insurance Code. In France, the terms of this rate are set by the Insurance Code, which determines a maximum level by reference to the average rate for government borrowings (the TME), which is used to set rates for policies and calculate the insurer's commitments to policyholders. The terms and conditions vary based on the type of policy and the duration of the commitments.

The 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 accounts.

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

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

	31.12.2015			31.12.2014
(in millions of euros)	France	International	Total	Total
Commitments guaranteed at fixed rate	38,369	2,911	41,280	43,156
Commitments guaranteed at variable rate	7,703	23	7,727	7,590
Unit-linked and other products without rate commitment	7,921	818	8,739	6,786
TOTAL	**53,994**	**3,752**	**57,746**	**57,531**

The share of unit-linked and other products without rate commitment increased, representing 15.1% of total commitments.

(d) Reinsurance

Reinsurance is organised on two levels. The Internal Reinsurance performed by Groupama SA for all Group entities is designed to optimise retentions for each entity. The external reinsurance defines the optimum reinsurance structure for the Group and the level of risk coverage on the bases of computer models. External reinsurance contracts are renegotiated and renewed each year by Groupama SA on behalf of the entire group. Moreover, selection rules defined in the securities in reinsurance committee, which is composed particularly of the External Outward Reinsurance Division of Groupama SA and the Group Risk Management Department, which are based on the ratings from ratings agencies, are designed to control the default risk of reinsurers.

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

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

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

4.2.2.3 Terms and conditions of the insurance policies which have a material impact on the amount, maturities, and uncertainty of the insurer's future cash flows

(a) General description

The Group offers a broad range of non-life insurance products designed for individuals, institutions and businesses. The motor, individual, professional and agricultural property damage policies offered by the Group are generally one-year contracts with tacit renewal, which include third-party liability coverage.

The Group offers a full line of life insurance products: this offer is packaged for individuals in the form of individual policies and for businesses in the form of group policies.

The main individual insurance policies in euros offered to our clients are savings policies, term life policies, mixed insurance policies, deferred annuity policies with mandatory withdrawal in annuities, and deferred capital contracts with return of premiums.

The Group policies offered by the Group are essentially defined contribution pension plans and pension contracts by collective capitalisation in points with guaranteed point value.

The Group also sells multi-component policies with one investment component in euros and one or more components in units of account.

(b) Specific features of certain non-life insurance policies

As with other insurers, the income and financial position of Groupama may be affected quite significantly by the unanticipated and random occurrence of natural or man-made events, such as floods, drought, landslides, storms, earthquake, riots, fire, explosions, or acts of terrorism. For example, the storm suffered by France in December 1999 resulted in major damage and a significant increase in compensation claims by Groupama clients. Climate changes that have occurred in recent years, specifically global warming, have contributed to increasing the unpredictable nature and frequency of climate events and natural events in regions where Groupama is active, particularly in Europe, and have created new uncertainty as to Groupama's future risk trends and exposure.

Groupama is implementing a reinsurance programme to limit the losses it is likely to suffer as a result of events or other events affecting its underwriting results. The reinsurance programmes implemented by Groupama transfer a portion of the losses and corresponding expenses to the reinsurers. These programmes are supplemented by the issuance of a "cat bond" on the high tranche of the force-of-nature protections. However, as an issuer of policies covered by reinsurance policies, Groupama remains committed to all its reinsured risks. Reinsurance policies therefore do not relieve Groupama of the obligation to settle claims. The Group remains subject to risks related to the credit situation of reinsurers and its ability to obtain the payments due from them. Moreover, the reinsurance offering, the amounts that may be covered, and the cost of coverage depend upon market conditions and are likely to vary significantly.

Other factors in risk growth may be mentioned:

- ageing of the population (health, long-term care);
- increased pollution;
- strengthened legal structure (liability – compensation for bodily injury, etc.).

(c) Specific features of certain life insurance policies and financial contracts

Discretionary profit-sharing clause

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

Early redemption option

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

(d) Mortality and longevity risks

In life insurance, the payment of benefits depends on the death or the survival of the policyholder. It is the occurrence of one or 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 reserving tables.

The amount of actuarial reserves for annuities is as follows:

	31.12.2015			31.12.2014
(in millions of euros)	France	International	Total	Total
Actuarial reserves for life annuities	9,816	13	9,828	9,755
Actuarial reserves for non-life annuities	2,111	23	2,134	1,982
TOTAL	**11,927**	**36**	**11,962**	**11,737**

4.2.2.4 Information on concentrations of insurance risk

The Group is potentially facing a concentration of risks that will accumulate.

There are two types of overlapping risks:

- the risk of underwriting overlaps in which the insurance policies are underwritten by one or more of the Group's entities for the same risk;
- the risk of claim overlaps in which the insurance policies are underwritten by one or more entities of the Group on different risks, which may be affected by claims resulting from the same loss event, or the same initial cause.

(a) Identification

Overlapping risks can be identified at the time of underwriting or during ongoing management of the portfolio.

A major role in the process of identifying overlaps during underwriting is assumed by the Group, through risk inspections, verification of the absence of overlapping co-insurance or 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.

(b) Protection

Protection consists of implementing reinsurance coverage, which will first be adapted to the total amount of the potential loss and, second, corresponds to the kind of risk covered. The loss may be human in origin (fire, explosion, accident involving people) or of natural origin (weather event, such as storm, hail, etc.).

In the case of a human risk that affects either a risk overlap insured by the same entity or risks insured by different entities of the Group, it is the responsibility of the entities to set the necessary coverage limits. The underwriting limits (maximum values insured per risk in property insurance or per person for life and health insurance) are used in the context of catastrophic scenarios and compared with losses that have already occurred. Once these amounts have been defined, they are increased by a safety margin. Moreover, specific monitoring is performed to track the adequacy of the coverage with the risks underwritten.

In the case of a natural event, a needs analysis consists of an initial study on the basis of the reference loss, which is re-evaluated on the basis of the change in the portfolio and the French Construction Federation (FFB) index. At the same time, simulation calculations of the exposure of the portfolios are performed using stochastic methods that result in the production of a curve showing the change in the potential maximum loss as a function of different scenarios. The results are cross-checked, analysed and discounted every year to allow the Group to opt for appropriate reinsurance solutions with a reduced margin of error.

4.2.3 MARKET RISKS

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.

4.2.3.1 Interest rate risk

(a) Type of and exposure to interest rate risk

During a period of interest rate volatility, the Group's financial margins might be affected. Specifically, a drop in interest rates would have a negative effect on the profitability of the investments. As such, during a period of low interest rates, the financial performance of the Group might be affected.

Conversely, in the event of an increase in rates, the Group may have to face a rush of redemptions for these policies, which would lead to the sale of a portion of the bond portfolio under unfavourable market conditions.

The consequences of changes in interest rates would also affect the Group's solvency margin, which is calculated based on financial performance realised during the year as well as on the volume of unrealised capital gains on the financial instruments.

(b) Group risk management

Several years ago, the Group implemented systematic studies on the exposure of the Group's subsidiaries to market risks.

Asset/Liability Management

Asset/Liability simulations permit an analysis of the behaviour of the liabilities in different interest-rate environments, particularly the ability to meet the remuneration requirements for the policyholder.

These simulations allow the Group to develop strategies designed to reduce the impact of contingencies on the financial markets on both the results and on the balance sheets.

Interactions with redemption risk

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

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

Interest rate risk related to the existence of guaranteed rate

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

Rate hedges

RISK OF RATE INCREASE

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

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

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

(c) Sensitivity to interest rate risk analysis

Pursuant to IFRS 7, an analysis of accounting sensitivity was carried out at 31 December 2015 with a comparative period.

This analysis applies to year-end balance-sheet postings that show accounting sensitivity to interest rate risk (underwriting non-life and life liabilities, bond investments, financial debt in the form of bonds). It is not similar to analyses applying to embedded-value-type prospective data.

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

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 €314 million. The amount of the discount in the reserve for increasing risks on long-term care, gross of reinsurance, was approximately €210 million.

The result of the sensitivity to interest rates analyses shows that the Group is not particularly sensitive with regard to all its non-life commitments. The impact of a change of +/-100 basis points, calculated net of tax, is shown in the following table:

	31.12.2015		31.12.2014	
	Interest rate		Interest rate	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on income (net of taxes)	68	(57)	58	(49)
Equity impact (excluding income)				

LIFE INSURANCE AND FINANCIAL CONTRACTS

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

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

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

	31.12.2015		31.12.2014	
	Interest rate		Interest rate	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on income (net of taxes)	98	(51)	125	(54)
Equity impact (excluding income)				

Sensitivity of financial investments analysis

The following table shows the impacts on income and on the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of a change up or down of 100 basis points (+/-1%) in interest rates.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the securities;
- the current tax rate.

The tests are conducted based on profit-sharing rates derived from historical observations.

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

	31.12.2015		31.12.2014	
	Interest Rate Risk		Interest Rate Risk	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on the revaluation reserve	**(497)**	**549**	**(487)**	**533**
Equities				
Equity mutual funds				
Bonds	(490)	542	(477)	523
Fixed-income mutual funds	(7)	7	(10)	10
Derivative instruments and embedded derivatives				
Impact on net income	**8**	**(8)**	**4**	**(4)**
Equities				
Equity mutual funds				
Bonds	(3)	3	(4)	5
Fixed-income mutual funds	(12)	12	(7)	8
Derivative instruments and embedded derivatives	23	(23)	15	(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.

Financial debt sensitivity analysis

Financing debt posted to liabilities on the Group income statement may be posted to debt or shareholders' equity under IFRS.

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

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

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

4.2.3.2 Risk of variation in the price of equity instruments (stocks)

(a) Type of and exposure to equity risk

Exposure to equity markets allows the companies to capture the yield on these markets but also exposes them to two major types of risks:

- accounting reserving risk (reserve for long-term impairment, reserve for contingent payment risks, reserves for financial contingencies);
- the commercial risk brought about by the reserving risk insofar as policyholder compensation could be impacted by the aforementioned reserving.

The weight of equity instruments out of total financial investments (including operating property) was 4.6% 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").

(b) 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.

(c) Sensitivity of financial investments to equity risk analysis

The following table shows the impacts on income and the revaluation reserve (classified under shareholders' equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in stock market prices and indices.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the securities;
- the current tax rate.

The tests are conducted based on profit-sharing rates derived from historical observations.

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

	31.12.2015		31.12.2014	
	Equities risk		Equities risk	
(in millions of euros)	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	**50**	**(50)**	**63**	**(63)**
Equities	32	(32)	40	(40)
Equity mutual funds	18	(18)	23	(23)
Bonds				
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**20**	**(20)**	**20**	**(20)**
Equities				
Equity mutual funds	20	(20)	20	(20)
Bonds				
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				

4.2.3.3 Foreign exchange risk

(a) Exposure to foreign exchange risk

Exposure to foreign exchange risk for subsidiaries in the eurozone corresponds primarily to their assets, subject to exchange rate fluctuations of mutual funds or securities denominated in foreign currencies and mutual funds denominated in euros applying to foreign-currency securities. In practice, the portfolios are exposed primarily to foreign exchange risks corresponding to the euro rate against the dollar, the yen, the Hungarian forint, the Romanian leu, the pound sterling and the Turkish pound.

Investments made by Groupama, within the context of its strategy of acquiring international subsidiaries, exposes it to the net accounting position of entities with a different functional currency from the euro. To date, this includes the pound sterling, the Turkish pound, the Hungarian forint, the Romanian leu, the yuan, and the Tunisian dinar. These impacts are posted in shareholders' equity, under foreign exchange adjustment.

(b) Managing foreign exchange risk

Exchange rate risk is currently hedged mainly through currency swaps. The documentation is updated each time the financial statements are closed. These instruments do not correspond to the accounting notion of hedging as defined by IFRS.

(c) Analysis of exchange rate sensitivity

The following table shows the impacts on income and the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in all currencies against the euro.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the securities;
- the regulatory tax rate of 34.43%.

The tests are conducted based on profit-sharing rates derived from historical observations.

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

	31.12.2015		31.12.2014	
	Foreign exchange risk		Foreign exchange risk	
(in millions of euros)	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	**35**	**(35)**	**37**	**(37)**
Equities	11	(11)	9	(9)
Equity mutual funds	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 funds				
Bonds			1	(1)
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				

Hedging effects are not taken into account when calculating sensitivity. Consequently, the numbers listed above represent maximum risk and the actual impact reported in the Group's financial statements is considerably lower.

4.2.3.4 Credit risk

The breakdown of the Group bond portfolio by rating and by issuer quality is presented in Notes 6.10.3 and 6.10.4 of the annual financial statements.

The Group manages credit risk as part of internal constraints. The main objective of these constraints is to limit the concentration of issues according to several criteria (country, issuer, ratings, subordinated issues).

These limits are observed at the level of each insurance entity and at the Group level. Any exceeding of the limits is handled according to whether it is part of an entity or the Group by the corresponding Risk Committees.

(a) Risk on bonds of the GIIPS countries

The Group's gross exposure to sovereign debt of the GIIPS countries (Greece, Italy, Spain, Portugal) amounted to €13,060 million as at 31 December 2015, representing 23% of the interest-bearing product portfolio.

(b) Managing counterparty risk

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

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

4.2.3.5 Summary of sensitivity to market risks analyses

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

	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	
(in millions of euros)	Shareholders' equity	Income (Loss)	Shareholders' equity	Income (Loss)	Shareholders' equity	Income (Loss)	Shareholders' equity	Income (Loss)
Interest rate risk	**(497)**	**174**	**549**	**(116)**	**(487)**	**187**	**533**	**(107)**
Underwriting liabilities		166		(108)		183		(103)
Financial investments	(497)	8	549	(8)	(487)	4	533	(4)
Financing debt								
Equities risk	**50**	**20**	**(50)**	**(20)**	**63**	**20**	**(63)**	**(20)**
Financial investments	50	20	(50)	(20)	63	20	(63)	(20)
Foreign exchange risk	**35**		**(35)**		**37**		**(37)**	
Financial investments	35		(35)		37		(37)	

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 equity risk; and
- up or down fluctuation of 10% in all currencies against the euro, for exchange rate risk.

4.2.4 LIQUIDITY RISK

4.2.4.1 Nature of exposure to liquidity risk

The overall liquidity risk is analysed using the Asset/Liability approach, which defines the cash requirement to be held as an asset based on the liquidity requirements imposed by liabilities, using:

- technical cash flow projections in a central scenario;
- sensitivity scenarios on technical assumptions (production, claims ratio).

4.2.4.2 Risk management

Stress tests are regularly conducted on both assets and liabilities in order to ensure that in the event of a simultaneous increase in benefits payable and interest rates, the Group is able to meet its commitments in terms of both assets to dispose of and any realisations of capital losses.

At the end of 2015, the liquidity risk was greatly reduced by the size of unrealised capital gains present in the portfolio.

4.2.4.3 Financial investment portfolio by maturity

The profile of the annual maturities of the bond portfolios is listed in Note 6.10.2 of the annual financial statements.

4.2.4.4 Liabilities related to insurance policies and liabilities related to financial contracts by maturity

The profile of annual maturities of the liabilities related to insurance policies is the following:

(in millions of euros)	31.12.2015 <1 year	31.12.2015 1 to 5 years	31.12.2015 >5 years	31.12.2015 Total	31.12.2014 <1 year	31.12.2014 1 to 5 years	31.12.2014 >5 years	31.12.2014 Total
Non-life underwriting reserves	4,299	3,369	4,134	11,802	4,489	3,148	3,930	11,568
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	1,642	4,096	10,255	15,993	1,504	4,321	11,488	17,312
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	**13,649**	**14,232**	**38,170**	**66,051**	**14,289**	**14,991**	**37,627**	**66,912**

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 underwriting insurance liabilities.

4.2.4.5 Financing debt by maturity

The principal features of financial debt, as well as its breakdown by maturity, are provided in Note 24 to the consolidated financial statements.

4.2.5 RISK OF REINSURER INSOLVENCY

Outward reinsurance consists of transferring to the reinsurer a portion of the risks accepted by the ceding company. They are regularly reviewed to monitor and limit the credit risk on third-party reinsurers. The reinsurance securities committee examines and approves the list of reinsurers accepted for all external outward reinsurance.

This list is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment. For any given reinsurance placement, any reinsurer approached for an outward reinsurance outside Groupama must first be on the list of the Group Security Committee.

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

Transferred insurance 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		708	59	87	4	473	1,332
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		47	2			238	287
TOTAL		**7,726**	**62**	**89**	**4**	**748**	**8,628**

	31.12.2014						
(in millions of euros)	**AAA**	**AA**	**A**	**BBB**	**<BBB**	**Not rated**	**Total**
Share of reinsurers in non-life insurance reserves		669	216	11	3	513	1,411
Share of reinsurers in life insurance reserves		7,017		1		62	7,079
Share of reinsurers in reserves for financial contracts with discretionary profit sharing							
Share of reinsurers in reserves for financial contracts without discretionary profit sharing							
Receivables from outward reinsurance operations	26	38	2	11		170	247
TOTAL	**26**	**7,724**	**217**	**23**	**3**	**744**	**8,737**

The total share of unrated reinsurers corresponds primarily to outward reinsurance to professional reinsurance pools, especially Assurpol, Assuratome, Gareat, Réunion Aérienne and Réunion Spatiale, which are not subject to any rating.

A share of €282 million (€331 million for fiscal year 2014) is also represented by the Groupama SA retrocession to the regional mutuals under the Internal reinsurance agreement. The breakdown is as follows:

- €254 million in share of reinsurers in non-life insurance reserves;
- €28 million in receivables from outward reinsurance operations.

4.2.6 OPERATING, LEGAL, REGULATORY AND TAX RISKS

4.2.6.1 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 § 4.2.1).

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 providing for business continuity despite a major incident affecting the IT system.

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

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

4.2.6.2 Legal and regulatory risks

The legal and regulatory risks are managed as part of 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.

(a) Application of corporate law and the Commercial Code

The Legal Department, under the supervision of the Corporate Secretary, manages Groupama SA's legal affairs and those of its subsidiaries and provides legal advice as needed to all the French legal entities of Groupama SA. Within this framework, it ensures the legal safety of its operations and its Directors and executives. Internal checks on the effective implementation of administrative legal procedures are based on ongoing monitoring systems on an individual entity basis.

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

The Legal Department within the Corporate Secretary of Groupama SA ensures, particularly on behalf of the Business Divisions of Groupama SA, the French insurance subsidiaries, as well as the regional mutuals:

- a function of monitoring and analysing legislation and case law and other standards (FFSA professional standards, 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, dissemination of a quarterly bulletin of legal information in connection with customer protection);
- validation of new insurance policies developed by the Business Departments well as the modifications made to existing policies;
- development and validation of distribution and partnership agreements in connection with insurance and other services;
- legal and tax advice (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.

(c) Other areas

Specific procedures have been set up to meet special requirements:

- ethical oversight designed to prevent insider trading. This responsibility is performed by a Group Ethics Officer with the assistance of a person outside the Group, who is responsible for the controls, and by an agent at Groupama SA;
- with regard to fighting money laundering and terrorist financing (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 can change, depending on modifications to the Group's organisational structure;
- 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 015-I-22 of 2 October 2015 relating to fiscal year 2015 presented in 2016).

4.2.6.3 Tax risks

The role of the Group's Tax Department is to provide information and monitor regulations for all the entities of the Group. It is also regularly questioned about specific technical points and is involved in preparing the end-of-year financial statements. In this capacity, it ensures that the tax consolidation rules are applied (Article 223 A *et seq.* of the General Tax Code) for the Group and, working with the Group Accounting Department, prepares the report on the tax position of the consolidated companies. It also helps to implement documentation and archiving procedures in terms of computerised accounting records, as required under tax law, particularly as part of dedicated "CFCI" (Computerised Accounting Tax Audit) committees for each French entity. Lastly, 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").

4.2.7 MONITORING AND MANAGING BANKING RISKS

4.2.7.1 General presentation

Risk management is inherent in banking business. Groupama Banque's risk policy falls under its affiliation with the Groupama group and the organisation's strategic development choices, which are an integral part of the Group's strategy.

In accordance with the regulations, particularly Titles IV and V of the order of 3 November 2014 relating to internal control of companies in banking, payment services, and investment services subject to supervision by the ACPR, the Bank's Management Committee, acting on proposals made by the risk management and controls general secretary, sets the institution's risk policy, particularly with regard to customer selection and risks, terms and conditions for granting loans and delegating authority.

The 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.

4.2.7.2 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.

(a) Decision-making procedures

A process approved by the Bank's Management Committee is described in a permanent instruction known as the "credit risk policy". This covers the products and services offered, terms and conditions of customer selection, and rules regarding the granting of credit according to customer type. The credit decision-making process is based on a set of delegations, the highest body being the Credit Committee. The delegations are classified by amount according to customer category and commitment type.

The granting of credit or any commitment made with regard to a counterparty (such as a guarantor) that takes effect through an authorisation must fall within specific limits and comply with the rules of risk diversification. These limits are revised annually and more frequently if necessary. They are reviewed by the Credit Committee, 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.

(b) Oversight procedures

Oversight of credit risks is carried out within the Financial Risk Management Department, whose responsibility is to ensure conformity with decisions, the reliability of reporting data, and the quality of risk monitoring. As part of its "credit risk monitoring", the Credit Committee meets each quarter to:

- monitor outstanding amounts, limits and guarantees;
- review important commitments through an in-depth analysis carried out at least annually;
- take note of the analysis of the burden and cost of quarterly risk;
- examine the observations and recommendations of the Risk Management Department following the analysis of the burden and cost of the risk.

(c) Impairment procedures

Procedures are adapted differently for retail banking customers and customers monitored in the portfolio. As part of its quarterly "monitoring of sensitive commitments and reserves", the Credit Committee:

- reviews all sensitive commitments;
- examines doubtful cases for all facilities, excluding consumer credit granted to retail banking customers, and decides on potential litigation and reserve levels;
- periodically updates the litigation reserve level rate with respect to retail banking customers;
- for all markets, determines the merits of establishing a collective reserve on healthy debt and, where applicable, calculates its amount.

4.2.7.3 Market risks

The Market, Interest Rate and Liquidity Risk Management Division produces a daily market risk performance indicator using independent front office calculations. Portfolio income is calculated and compared with the observation thresholds. Sensitivities (in euros for a rate increase of 1 bp) are calculated daily, and the Market, Interest Rate and Liquidity Risk Management Division 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.

(a) Setting and complying with limits

The Management Committee revises limits annually. It can also decide on an immediate limit increase, in case of a particular need associated with a new business line, or decrease, in the event of problems on the financial market.

The Management Committee is advised quarterly of risk and income measurements, compliance with limits, any counterparty default and any event likely to affect the bank's risk level.

(b) Payment risk

The bank can assess at any time its resources in securities or cash that is directly available allowing it to meet its commitments. It has available securities at Banque de France allowing it to carry out pension transactions in order to ensure intraday or overnight liquidity.

(c) Foreign exchange risk

This is the risk that the value of an instrument or of one of the items of its future results will fluctuate because of changes in foreign currency rates.

The bank does not take positions in foreign currencies. Its activity is maintained well below the threshold that requires prudential supervision of the foreign exchange risk.

4.2.7.4 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.

4.2.7.5 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 monitors, 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.

4.2.7.6 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.

5

EARNINGS AND FINANCIAL POSITION

5.1 MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

5.1.1 ENVIRONMENT

5.1.1.1 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.

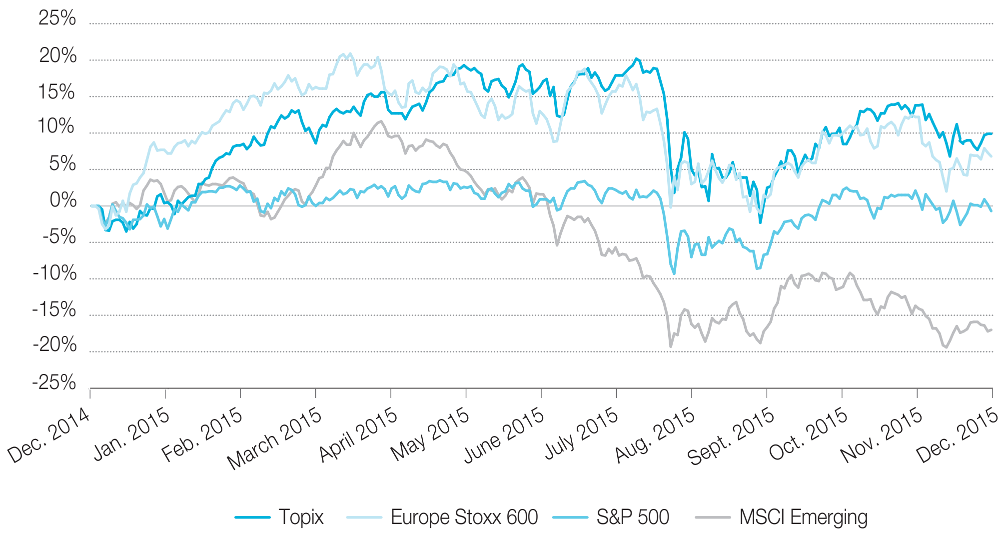
Other emerging economies were generally subject to the impact of the continued decline in commodities, whether food, energy, or industrial. These declines weighed on the trade balance of the exporting countries, forced to act on their currencies. They declined by more than 20% on average against the 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.

5.1.1.2 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.

(a) Changes in equity markets

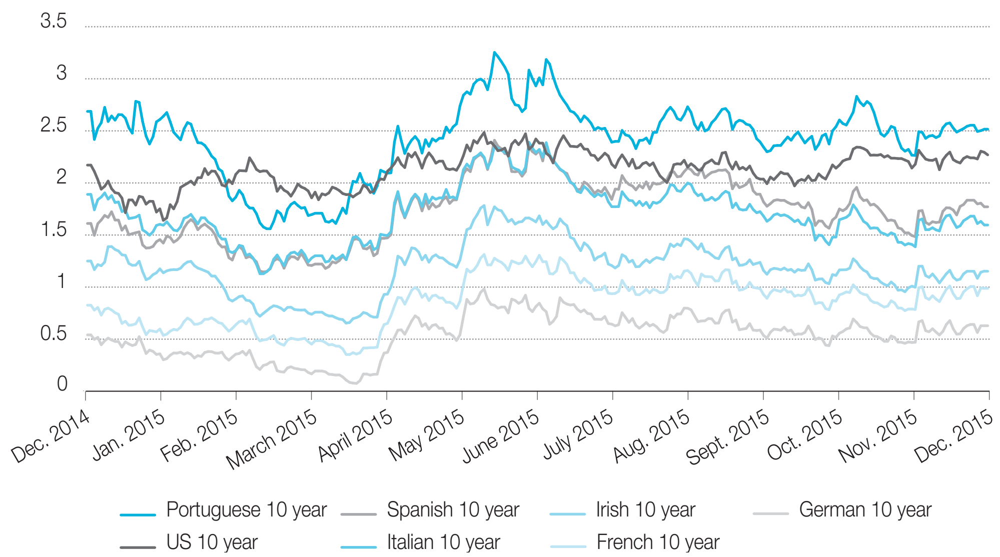


2015 saw high volatility on equity markets and prospects for global growth continually revised downwards. Performance levels were thus significant down compared with 2014:

- 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.

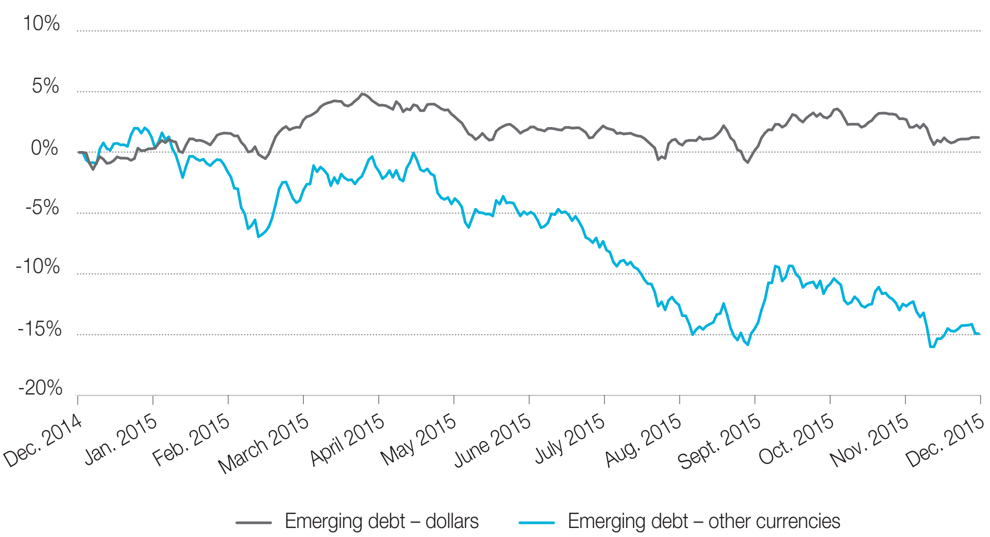
(b) Changes in yields



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:

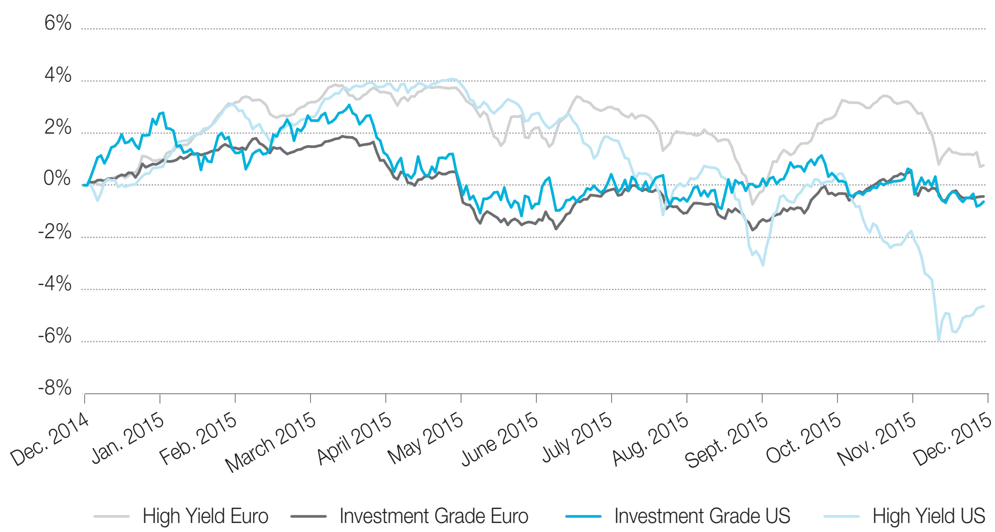
- in the United States, because the Federal Reserved delayed increasing the key interest rate throughout the year, US long-term rates fluctuated between 1.65% and 2.50% and ended the year at 2.27% (versus 2.17% at the end of 2014);
- in the eurozone, the change in rates is explained mainly by the Central 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.

CUMULATIVE PERFORMANCE FOR EMERGING DEBT INDICES



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%.

(c) 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.

5.1.2 SIGNIFICANT EVENTS OF FISCAL YEAR 2015

5.1.2.1 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.

5.1.2.2 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.

5.1.2.3 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.

5.1.2.4 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.

5.1.2.5 Plan to simplify the structure of their holdings in Icade by Caisse des Dépôts et 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 financial year ended 31 December 2015.

5.1.2.6 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.

5.1.3 POST-BALANCE SHEET EVENTS

5.1.3.1 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.

5.1.3.2 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.

5.1.4 ANALYSIS OF FINANCIAL STATEMENTS

5.1.4.1 Introductory summary: reminder of the combined group's business data

Premium income *(in millions of euros)*	**31.12.2015**	**31.12.2014**	**31.12.2014** ***pro forma***	**Actual change**	**Like-for-like change**
Property and casualty insurance – France	5,354	5,264	5,298	1.7%	1.1%
Groupama Gan Vie	3,398	3,356	3,356	1.3%	1.3%
Life and health insurance in France – excluding Groupama Gan Vie	1,943	1,948	1,949	-0.2%	-0.3%
Total Insurance – France	**10,695**	**10,567**	**10,602**	**1.2%**	**0.9%**
Property and casualty insurance – International	1,787	1,835	1,788	-2.6%	0.0%
Life and health insurance – International	983	953	948	3.2%	3.7%
Total Insurance – International	**2,770**	**2,788**	**2,736**	**-0.6%**	**1.3%**
Banking and financial businesses	280	279	279	0.1%	0.1%
Total – Groupama	**13,745**	**13,634**	**13,617**	**0.8%**	**0.9%**
Total Insurance	**13,465**	**13,355**	**13,338**	**0.8%**	**1.0%**
Property and casualty insurance	7,141	7,099	7,085	0.6%	0.8%
Life and health insurance	6,324	6,257	6,253	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 Insurance premium income stood at €13.5 billion, a 1.0% increase on a like-for-like basis (+0.8% in absolute 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)*	**31.12.2015**	**31.12.2014**	**Change in value**	**Change %**
Property and casualty insurance – France	151	83	68	82%
Life and health insurance – France	120	59	61	>100%
Total Insurance – France	**271**	**142**	**129**	**91%**
Property and casualty insurance – International	(33)	29	(62)	<-100%
Life and health insurance – International	32	19	13	68%
Total Insurance – International	**(1)**	**48**	**(49)**	**<-100%**
Banking and financial businesses	9	16	(7)	-44%
Holding activities	(117)	(77)	(40)	-52%
Total – Groupama	**163**	**129**	**34**	**26%**
Property and casualty insurance	118	112	6	5%
Life and health insurance	152	78	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)*	**31.12.2015**	**31.12.2014**	**Change in value 2015.2014**
Property and casualty insurance – France	207	151	56
Life and health insurance – France [1]	203	157	46
Total Insurance – France	**410**	**308**	**102**
Property and casualty insurance – International	(30)	59	(89)
Life and health insurance – International	34	13	21
Total Insurance – International	**4**	**71**	**(68)**
Banking and financial businesses	11	4	8
Holding activities	(50)	(132)	82
Other	(7)	6	(13)
TOTAL NET INCOME – GROUPAMA	**368**	**257**	**111**

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

5.1.4.2 Summary of Groupama SA's activity and income

Premium income *(in millions of euros)*	**31.12.2015**	**31.12.2014**	**31.12.2014 *pro forma***	**Actual change**	**Like-for-like change**
Property and casualty insurance – France	3,218	3,157	3,157	1.9%	1.9%
Groupama Gan Vie	3,399	3,358	3,358	1.2%	1.2%
Life and health insurance in France – excluding Groupama Gan Vie	623	618	618	0.8%	0.8%
Total Insurance – France	**7,239**	**7,133**	**7,133**	**1.5%**	**1.5%**
Property and casualty insurance – International	1,787	1,835	1,788	-2.6%	0.0%
Life and health insurance – International	983	953	948	3.2%	3.7%
Total Insurance – International	**2,770**	**2,788**	**2,736**	**-0.6%**	**1.3%**
Banking and financial businesses	282	282	282	0.2%	0.2%
Total Groupama SA	**10,292**	**10,202**	**10,151**	**0.9%**	**1.4%**
Total Insurance	**10,009**	**9,920**	**9,869**	**0.9%**	**1.4%**
Property and casualty insurance	5,005	4,992	4,945	0.3%	1.2%
Life and health insurance	5,005	4,929	4,924	1.5%	1.6%

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 consolidated Insurance premium income stood at €10.0 billion, a 1.4% increase on a like-for-like basis (+0.9% in absolute data) compared with 31 December 2014. Incorporating financial businesses, the Group's consolidated premium income was up 1.4% on a like-for-like basis (+0.9% in actual change) at €10.3 billion.

The Group's property and casualty insurance premium income increased 1.2%. In France, it increased 1.9%, 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 (3.4% 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 (2.3%) and internationally (+2.8%) and in property damage insurance for professionals and self-employed business owners (7.0% in France and +11.9% internationally), which mitigated the decline in motor insurance internationally (-4.4%).

Life and health insurance premium income grew by 1.6% at 31 December 2015. Groupama Gan Vie, which supports the savings/pension activity in France, enjoyed a 1.2% increase in premium income over the period, marking a shift after several years of decline. Other life and health insurance business activities in France increased 0.8%. Health (individual and group – excluding Groupama Gan Vie) increased +0.4% over the period (including -0.2% in individual health and +10.7% 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 70.3% of the Group's overall business over the period, whereas international insurance premium income amounted to 27.0% of total premium income. The Group's other business activities (financial and banking) represented 2.7% 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)*	**31.12.2015**	**31.12.2014**	**Change in value**	**Change %**
Property and casualty insurance – France	41	(57)	98	>100%
Life and health insurance – France	41	9	32	>100%
Total Insurance – France	**82**	**(48)**	**130**	**>100%**
Property and casualty insurance – International	(33)	29	(62)	<-100%
Life and health insurance – International	32	19	13	68%
Total Insurance – International	**(1)**	**48**	**(49)**	**<-100%**
Banking and financial businesses	9	16	(7)	-44%
Holding activities	(116)	(76)	(40)	-53%
Total Groupama SA	**(27)**	**(60)**	**33**	**55%**
Property and casualty insurance	7	(28)	35	>100%
Life and health insurance	73	28	45	>100%

The Group's economic operating income increased by €33 million to -€27 million at 31 December 2015.

Economic operating income from insurance was up €80 million in 2015, driven by good earnings in France (+€130 million over the period). Conversely, the judicial and regulatory environment in Turkey (for motor liability insurance) weighed on international income, which decreased by €49 million. 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 -€116 million in 2015, compared with -€76 million in 2014.

The Group's net income totalled +€133 million at 31 December 2015 compared with +€15 million at 31 December 2014. The non-recurring financial margin amounted to €224 million in 2015 (+€135 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 -€54 million.

Net income *(in millions of euros)*	**31.12.2015**	**31.12.2014**	**Change in value 2015.2014**
Property and casualty insurance – France	60	(27)	87
Life and health insurance – France (1)	108	93	15
Total Insurance – France	**169**	**66**	**102**
Property and casualty insurance – International	(25)	59	(84)
Life and health insurance – International	34	13	21
Total Insurance – International	**8**	**73**	**(65)**
Banking and financial businesses	11	4	8
Holding activities	(49)	(132)	83
Other	(7)	6	(13)
TOTAL GROUPAMA SA NET INCOME	**133**	**15**	**117**

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

5.1.4.3 Business and results in FRANCE

	31.12.2015			31.12.2014 *pro forma*		
Premium income – France *(in millions of euros)*	L&H	P&C	Total	L&H	P&C	Total
Groupama SA	460	1,663	2,123	445	1,630	2,076
Groupama Gan Vie	3,399		3,399	3,358		3,358
Gan Assurances	148	1,266	1,414	155	1,259	1,413
Amaline Assurances	5	52	57	7	52	59
Other entities (1)	9	238	247	10	217	227
TOTAL	**4,021**	**3,218**	**7,239**	**3,976**	**3,157**	**7,133**

(1) Including Assuvie.

Insurance premium income for France as at 31 December 2015 increased by 1.5% compared with 31 December 2014 and totalled €7,239 million.

(a) Property and casualty insurance – France

	P&C – France		
Insurance premium income *(in millions of euros)*	31.12.2015	31.12.2014 *pro forma*	Change %
Groupama SA	1,663	1,630	2.0%
Gan Assurances	1,266	1,259	0.6%
Amaline Assurances	52	52	-0.7%
Other entities	238	217	9.8%
TOTAL	**3,218**	**3,157**	**1.9%**

Property and casualty insurance premium income (44.4% of premium income in France) increased 1.9% to €3,218 million at 31 December 2015. Insurance for individuals and professionals increased 2.7% over the period to €1,920 million (*i.e.*, almost 60% of written premiums in property and casualty insurance). It benefited from the growth in passenger vehicles (+2.5% to €875 million), home insurance (+2.3% to €589 million), and professional risks (+7.0% to €317 million). Insurance for businesses and local authorities also increased (+3.4%), supported by the growth in fleets (+3.4%) and property damage for businesses and local authorities (+3.3%). 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.

Groupama SA's premium income from property and casualty insurance totalled €1,663 million at 31 December 2015, an increase of +2.0%, driven mainly by insurance for individuals and professionals (+4.4%). The growth in insurance for businesses and local authorities was also noteworthy (+7.4%). However, the decline in agricultural business line segment (-5.6%) mitigated this performance.

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 €41 million in 2015 compared with -€56 million in 2014. It is presented as follows:

Property and casualty insurance in France *(in millions of euros)*	31.12.2015		31.12.2014		2015-2014 change	
Gross earned premiums	3,254	100.0%	3,191	100.0%	64	2.0%
Underwriting expenses (policy servicing) – excluding claims management costs	(2,077)	-63.8%	(2,129)	-66.7%	52	2.4%
Reinsurance balance	(212)	-6.5%	(229)	-7.2%	18	7.7%
Underwriting margin net of reinsurance	**966**	**29.7%**	**833**	**26.1%**	**133**	**16.0%**
Net expenses from current underwriting operations	(958)	-29.4%	(926)	-29.0%	(32)	-3.5%
Underwriting income net of reinsurance	**8**	**0.2%**	**(93)**	**-2.9%**	**101**	**>100%**
Recurring financial margin net of tax	65	2.0%	33	1.0%	31	94.5%
Other items	(32)	-1.0%	4	0.1%	(35)	<-100%
Economic operating income	**41**	**1.3%**	**(56)**	**-1.8%**	**97**	**>100%**
Capital gains realised net of corporate income tax	23	0.7%	31	1.0%	(8)	-25.8%
Allocations to reserves for permanent impairment net of corporate income tax	(2)	-0.1%	(6)	-0.2%	4	66.7%
Gains or losses on financial assets recognised at fair value net of corporate income tax	6	0.2%	5	0.2%	1	20.0%
Other operations net of corporate income tax	(8)	-0.2%		0.0%	(8)	
GROUP NET INCOME	**60**	**1.8%**	**(27)**	**-0.8%**	**87**	**>100%**

In France, net underwriting income (gross premiums earned – gross underwriting expenses – net expenses from current underwriting operations and reinsurance balance) increased by €101 million over the period. The net combined ratio in property and casualty insurance amounted to 99.8% in 2015 compared with 102.9% in 2014, down 3.1 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 -2.9 points in the gross loss ratio, amounting to 63.8% in 2015. The operating expense ratio amounted to 29.4% in 2015, slightly higher than in 2014, under the effect of increased commissions.

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

- Groupama SA, the Group's internal reinsurer, posted net underwriting income up €130 million compared with 31 December 2014 with a sharp decline in the current loss experience (-13.5 points to 57.6% in 2015) because of a smaller expense stemming from excess and weather claims and on inward reinsurance of subsidiaries, whose 2014 results had been heavily affected by serious claims. Reserves releases on prior fiscal years were down compared with 2014, particularly because of the environment of low rates, which accounted for €45 million in 2015 (+€16 million compared with 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.

In France, the recurring financial margin (after tax) in the property and casualty insurance business amounted to €65 million.

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

In France, net income amounted to €60 million in 2015 versus a loss of €27 million in 2014. This result includes a decline in the non-recurring financial margin of -€3 million over the period. Exceptional items represented an expense of -€8 million in 2015.

(b) Life and health insurance

	L&H France		
Insurance premium income *(in millions of euros)*	**31.12.2015**	**31.12.2014 pro forma**	**Change %**
Groupama Gan Vie	3,399	3,358	1.2%
Groupama SA	460	445	3.3%
Gan Assurances	148	155	-4.4%
Amaline Assurances	5	7	-22.7%
Other entities [(1)]	9	10	-12.6%
TOTAL	**4,021**	**3,976**	**1.1%**

(1) Including Assuvie.

Life and health insurance premium income (55.6% of premium income in France) increased 1.1% to €4,021 million. Group premium income for life and capitalisation in France fell by 1.4% 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 (-3% to €1,212 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 5.5% compared with 31 December 2014. This change is due in particular to the increase in health (+6.9%), which breaks down into a decrease of 1.3% in individual health and an increase of 15.1% in group health with the scheduled implementation of the ANI on 1 January 2016. All portfolios combined, ANI policy production totalled 33,260 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)	31.12.2015 Actual	31.12.2014 Actual	Change 2015/2014
Regional mutuals	1044	1032	1.2%
Multi-line agents	868	911	-4.7%
Brokerage	765	686	11.4%
Gan Patrimoine	204	196	4.3%
Gan Prévoyance	514	532	-3.3%
Réunima	4	3	56.1%
TOTAL	**3,399**	**3,358**	**1.2%**
Individuals	2176	2215	-1.8%
of which savings/pensions in €	1203	1238	-2.9%
of which unit-linked savings/pensions	553	515	7.3%
Groups	1223	1143	7.0%
TOTAL	**3,399**	**3,358**	**1.2%**

Premium income of the network of regional mutuals amounted to €1,044 million as at 31 December 2015, up 1.2% 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 €37 million as at 31 December 2015, compared with €45 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 inward reinsurance segments (27.6%) and individual savings/retirement in euros (-9.6%), whereas unit-linked premium income increased 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.

Groupama SA's life and health insurance premium income, consisting mainly of inward reinsurance of the regional mutuals, totalled €460 million as at 31 December 2015, compared with €445 million over the previous period, driven by the growth in health (individual: +3.4%; group: 10.7%).

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 €41 million in 2015 compared with €10 million in 2014.

Life and health insurance in France *(in millions of euros)*	**31.12.2015**		**31.12.2014**		**2015-2014 change**	
Gross earned premiums	4,025	100.0%	3,985	100.0%	39	1.0%
Underwriting expenses (policy servicing) – excluding claims management costs	(3,292)	-81.8%	(3,263)	-81.9%	(29)	-0.9%
Reinsurance balance	(19)	-0.5%	(16)	-0.4%	(3)	-17.9%
Underwriting margin net of reinsurance	**714**	**17.7%**	**707**	**17.7%**	**7**	**1.0%**
Net expenses from current underwriting operations	(854)	-21.2%	(876)	-22.0%	22	2.5%
Underwriting income net of reinsurance	**(140)**	**-3.5%**	**(169)**	**-4.2%**	**29**	**17.1%**
Recurring financial margin net of profit sharing and tax	149	3.7%	130	3.3%	18	14.1%
Other items	32	0.8%	49	1.2%	(17)	-33.9%
Economic operating income	**41**	**1.0%**	**10**	**0.3%**	**31**	**>100%**
Capital gains realised net of corporate income tax and profit sharing	93	2.3%	104	2.6%	(11)	-10.3%
Allocations to reserves for long-term impairment net of corporate income tax and profit sharing	(24)	-0.6%	(1)	0.0%	(23)	<-100%
Gains or losses on financial assets recognised at fair value net of corporate income tax and profit sharing	9	0.2%	(14)	-0.4%	23	>100%
Other operations net of corporate income tax	(5)	-0.1%		0.0%	(5)	NA
GROUP NET INCOME	**115**	**2.9%**	**98**	**2.5%**	**17**	**17.3%**

Net underwriting income from reinsurance increased €29 million in 2015 primarily because of the improvement in the underwriting income of Groupama Gan for €9 million and Groupama SA for €15 million.

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 by €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 2.2 points to 76.7% in 2015.

Recurring financial margin (net of profit sharing and taxes) increased by €18 million over the period.

In France, net income from life and health insurance amounted to +€115 million as at 31 December 2015 compared with +€98 million as at 31 December 2014.

5.1.4.4 International activity and earnings

International premium income *(in millions of euros)*	31.12.2015			31.12.2014 *pro forma*		
	L&H	P&C	Total	L&H	P&C	Total
Italy	605	995	1,600	557	1,039	1,596
Greece	54	85	138	58	88	146
Turkey	83	328	411	78	313	391
Countries of Central and Eastern Europe	**183**	**313**	**497**	**197**	**283**	**480**
of which Hungary	164	140	304	181	132	313
of which Romania	14	167	181	12	148	160
of which Bulgaria	5	6	11	4	3	7
Portugal	52	9	61	51	7	58
Gan Outre-Mer	7	57	64	7	57	64
TOTAL	**983**	**1,787**	**2,770**	**948**	**1,788**	**2,736**

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 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)*	31.12.2015	31.12.2014	Change
Italy	**37**	**16**	**21**
Greece	**8**	**10**	**(2)**
Turkey	**(90)**	**1**	**(91)**
Portugal	**(1)**	**0**	**(1)**
Countries of Central and Eastern Europe	**15**	**15**	**0**
Hungary	10	13	(4)
Romania	6	2	5
Bulgaria	(1)	0	(1)
Great Britain	**9**	**4**	**5**
Gan Outre-Mer	**10**	**7**	**3**
Equity-method entities	**11**	**(6)**	**17**
Tunisia (Star)	9	3	5
Turkey (Günes)	0	2	(2)
China (AVIC)	2	(12)	14
TOTAL	**(1)**	**48**	**(49)**

Net income from international insurance amounted to €8 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)	31.12.2015	31.12.2014
Italy	**36**	**28**
Greece	**14**	**9**
Turkey	**(99)**	**11**
Portugal	**3**	**1**
Central and Eastern European countries	**20**	**19**
of which Hungary	15	16
of which Romania	5	3
of which Other	(1)	0
Great Britain	**9**	**4**
Gan Outre-Mer	**15**	**8**
Equity-method entities	**11**	**(8)**
Tunisia (Star)	9	3
China (Groupama AVIC)	2	(12)
TOTAL	**8**	**71**

(1) Excluding income from the Holding business.

(a) 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 decreases -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).

(b) 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 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.

(c) 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 (individual and group: +10.5%) mitigated this change.

Groupama Asset 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.

(d) 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 individual 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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 by 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. It includes €5 million for the portfolio transfer.

(i) 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.

(j) 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.

(k) 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.

5.1.4.5 Financial and banking businesses

Premium income *(in millions of euros)*	31.12.2015	31.12.2014
Groupama Banque	154	154
Asset management	124	123
Employee savings scheme	5	5
TOTAL	**282**	**282**

NBI *(in millions of euros)*	31.12.2015	31.12.2014
Groupama Banque	75	65
Asset management	118	119
Employee savings scheme	10	11
TOTAL	**203**	**194**

(in millions of euros)	31.12.2015	31.12.2014	2015-2014 change	
Net banking income, net of cost of risk and long-term financial instruments	200	211	(10)	-4.8%
Cost of risk	(8)	(6)	(2)	-40.9%
Other operating income and expenses and non-underwriting current income and expenses	(177)	(181)	4	2.5%
Other items	(6)	(7)	1	14.0%
Economic operating income	**9**	**16**	**(7)**	**-44.4%**
Gains or losses on financial assets recognised at fair value net of corporate income tax	2	(11)	13	>100%
Other operations net of corporate income tax		(2)	2	NA
GROUP NET INCOME	**11**	**4**	**7**	**>100%**

(a) Groupama Banque

At 31 December 2015, **Groupama Banque**'s premium income remained stable at €154 million. 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.

(b) Asset management

Groupama Asset Management's premium income increased 0.8% to €124 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.

(c) Groupama Épargne 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 followed the same trend and decreased 6.7% to €10 million.

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

(d) 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.

5.1.4.6 Groupama SA and holding companies

(in millions of euros)	31.12.2015	31.12.2014	2015-2014 change	
Other operating income and expenses and non-underwriting current income and expenses	(109)	(107)	(2)	-1.8%
Recurring financial income (after corporate tax)	(10)	27	(37)	<-100%
Other items	2	4	(2)	-40.7%
Economic operating income	**(116)**	**(76)**	**(40)**	**-52.6%**
Capital gains realised net of corporate income tax	71		71	NA
Gains or losses on financial assets recognised at fair value net of corporate income tax	19	(53)	72	>100%
Other operations net of corporate income tax	(24)	(3)	(21)	<-100%
GROUP NET INCOME	**(50)**	**(132)**	**82**	**62.1%**

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 -€116 million in 2015, a decrease of €40 million compared with 2014 because of the €37 million decrease in recurring financial income.

The **net income** of holding companies was a loss of -€50 million in 2015 compared with -€132 million in 2014. It should be noted that, starting in 2015, non-recurring financial income is allocated to the holding activity, which mainly 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)*	**31.12.2015**	**31.12.2014**
Total Insurance – France	169	66
Total Insurance – International	8	73
Banking and financial businesses	11	4
Holding activities	(49)	(133)
Other	(7)	6
TOTAL GROUPAMA SA NET INCOME	**133**	**15**

5.1.4.7 Consolidated balance sheet

As at 31 December 2015, Groupama's balance sheet totalled €99.3 billion, compared with €98.8 billion in 2014, an increase of +0.6%.

(a) Goodwill

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

(b) Other intangible assets

Other intangible assets totalling €239 million as at 31 December 2014 (versus €270 million in 2014) are composed primarily of amortisable portfolio securities (€111 million) and computer software. The decrease in this item is particularly related to amortisation for the period.

(c) Investments (including unit-linked investments)

Insurance investments totalled €77.5 billion in 2015 compared with €77.1 billion in 2014, up +0.5%.

The Group's unrealised capital gains (including property) decreased by €0.4 billion to €9.1 billion (compared with +€9.5 billion at the previous close), mainly because of the decrease in unrealised capital gains on bonds given the increase in rates.

By asset allocation, unrealised capital gains are broken down into €6.9 billion on bonds, €0.4 billion on equities, and €1.8 billion on property.

Unrealised capital gains on financial assets (excluding property) totalled €7.3 billion, with 1.0 billion attributable to the Group (after profit sharing and taxes) versus +€1.2 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 €0.4 billion as at 31 December 2014 and were stable compared with the previous period. The Group elected to account for investment and operating property according to the amortised cost method; therefore, unrealised property gains were not recorded in the accounts.

The equity share of total investments in market value was 5.5% (including 1.9% hedged) as at 31 December 2015 versus 6.6% (including 2.5% hedged) as at 31 December 2014 according to an economic view. This decrease is part of the derisking policy conducted by the Group.

(d) Shareholders' equity

As at 31 December 2015, Groupama consolidated shareholders' equity totalled €4.8 billion versus €4.9 billion as at 31 December 2014.

This change can be summarised as follows:

(in millions of euros)

SHAREHOLDERS' EQUITY AT 2015 OPENING	**4,883**
Change in revaluation reserve: fair value of AFS assets	(567)
Change in revaluation reserve: shadow accounting	466
Change in revaluation reserve: deferred tax	(25)
Partial redemption of the deeply subordinated instrument	(13)
Foreign exchange adjustment	(19)
Other	(47)
Income (Loss)	133
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2015	**4,811**
of which perpetual super-subordinated bonds (TSS)	415
of which perpetual floating-rate notes (TSDI)	1100

(e) Subordinated liabilities, financing and other debts

Total subordinated and external debt was €0.75 billion as at 31 December 2015 versus €0.8 billion in 2014.

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 in July 2015 of the balance of the 2005 perpetual floating-rate note (TSDI) for €41 million.

The Group's external debt (excluding subordinated debt) amounted to €30 million as at 31 December 2014 and corresponded to leasing debts. As at 31 December 2015, these debts have been repaid, and the Group no longer has external debt.

(f) Underwriting reserves

Gross underwriting reserves (including deferred profit sharing) totalled €74.1 billion, compared with €74.0 billion as at 31 December 2014.

(g) Reserves for risks and charges

Reserves for contingencies and charges totalled €427 million in 2014, compared with €421 million in 2014, and were primarily made up of pension commitments under IAS 19.

5.1.5 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 16.4% in 2015, compared with 17.9% in 2014.

5.1.6 RISK CONTROL

Risk management is addressed in the internal control report.

5.1.7 FINANCIAL FUTURES POLICY

5.1.7.1 Interest rate risk

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

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

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

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

5.1.7.2 Foreign exchange risk

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

5.1.7.3 Equity risk

After a significant reduction in the equity allocation over 2012 (€2 billion in equities sold), the Group's equity risk was actively managed in 2013 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.

5.1.7.4 Credit risk

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

5.1.8 ANALYSIS OF THE ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR

5.1.8.1 Income (Loss)

Total premiums written (net of conservation of mutuals exempt from approval) reached €2,226.2 million, up 1.8% (+€38.9 million) compared with 2014 (€2,187.3 million). They came primarily from:

- contributions received from the regional mutuals (€1,964.3 million), up 25.0 million, or +1.3%;
- as well as premium income relating to other operations (direct business, professional pools, partnerships, etc.), which increased sharply by +16.2% (almost €22 million) to reach +157.0 million. La Banque Postale IARD contributed €17.9 million (+24.8%) to this growth;
- conversely, contributions ceded by the Group's subsidiaries (€104.9 million) were down by €7.9 million compared with 2014 (€112.8 million). Note that premium income in 2014 accounted for €4.3 million in renewal premiums related to the Turkish subsidiary.

Total premiums earned (net of conservation of mutuals exempt from approval) reached €2,220.2 million, up 1.0% compared with 2014 (€22.2 million).

Claims expenses (excluding claims management fees), annuities, and other underwriting reserves (net of conservation of mutuals exempt from approval) totalled -€1,425.2 million, a decrease of €115.5 million (-7.5%). This favourable change came mainly from:

- a very significant decline of €157.1 million in the loss experience on the portfolio of regional mutuals originating with the joint improvement of:
  - the serious loss experience (-€91.3 million versus -€237.5 million in 2014, which was a fiscal year with high level of motor liability claims),
  - the weather loss experience (-€181.2 million versus -€223.2 million in 2014);
- a €37.8 million decrease in the expense for claims accepted by Groupama SA in respect of the subsidiaries. As a reminder, fiscal year 2014 was marked by two serious claims (€30.8 million) at the Turkish subsidiary reinsured by Groupama SA.

Conversely, Groupama SA suffered an unfavourable evolution of changes on prior years of -€80.6 million (compared with a surplus of €14.1 million in 2014), which involved:

- -€54.4 million on the inward reinsurance portfolio of the regional mutuals (the unfavourable effect of discount rates of reserves in motor liability and personal injury and others of -€96 million fully absorbing the natural release on prior years of this portfolio);
- -€26.2 million on other operations, an unfavourable change mainly from air pools in run-off (these claims are then almost all transferred outside the Group), as well as on the theft and fraud portfolio also in run-off.

The reinsurance balance (excluding conservation of mutuals exempt from approval) was an expense of €215.8 million, down €33.4 million compared with 2014.

The 2015 retrocession balance represents an expense of €20.8 million for Groupama SA versus €12.6 million in income in 2014.

After taking into account the commissions paid to ceding entities for €387.7 million, the net underwriting margin before general expenses was income of +€170.7 million, up +€135.2 million compared with 2014.

Groupama SA's total operating expenses were -€224.3 million, compared with -€225.8 million in 2013, a slight decrease of €1.5 million (-0.7%).

Given the financial results allocated by law to underwriting reserves (€50.3 million), Groupama SA's underwriting income in 2015 was a loss of -€3.8 million.

Total financial income was positive at €82.5 million, compared with +€5.8 million in 2014. This income mainly consists of dividends of subsidiaries (€271.2 million), capital gains on disposals net of writebacks of provisions on the disposed securities (+€6.3 million), income on other assets (€90.0 million), and changes in financial reserves (-€68.4 million). This position also incorporates financial expenses primarily related to loans for -€213.4 million.

Extraordinary income amounted to -€38.7 million in 2015 versus -€31.6 million in 2014, particularly with expenses related to a liability guarantee.

The "Taxes" item represents income of +€81.5 million, which includes tax savings realised by the Group from the tax consolidation, retained by Groupama SA in its capacity as head of the tax group.

The net income for the fiscal year was thus €70.0 million, compared with a loss of -€38.7 million in 2014.

5.1.8.2 Balance sheet

The Groupama SA 2015 balance sheet increased to €11,800 million, up €411 million compared with 2014.

Shareholders' equity reached €2,350.1 million as at 31 December 2015, compared with €2,280.2 million as at 31 December 2014. The favourable change in shareholders' equity is explained by the 2015 profit of €70.0 million.

Gross underwriting reserves reached €4,596.8 million, up €210.5 million compared with the end of 2014 (€4,386.3 million).

Underwriting reserves ceded and retroceded totalled €978.6 million. Restated for the share related to the transfer of Gan Outre-Mer's portfolio, they amounted to €867.3 million, down €37.7 million compared with 2014 because of a more favourable loss experience.

Subordinated liabilities amounted to €2,266 million (versus €2,320 million at the end of 2014). On 6 July 2015, Groupama SA proceeded with the early redemption of the 2005 perpetual floating-rate note (TSDI), the balance of which was €41.15 million.

The largest asset item on Groupama SA's balance sheet consists of investments, whose net book value was €10,006.0 million. In net book value, interest-bearing product represented 11.5% of assets, equity securities 65.1%, and intra-group loans 7.5%.

In realisable value, Groupama SA investments (including forward financial instruments) totalled €12,431 million, including unrealised capital gains of €2,332 million, primarily from intra-group equity interests (€2,064 million).

5.1.8.3 Income for the year and proposed allocation

We propose that you allocate the distributable profit of €391,165,892.44, corresponding to the profit for the fiscal year of €69.972,545.33 plus prior retained earnings of €321,193,347.11, as follows:

- as a dividend: €14,261,596.16;
- the balance to "retained earnings": €376,904,296.28.

This dividend of €0.035 per share will be paid starting 15 June 2016.

In accordance with the provisions of Article 243 *bis* of the General Tax Code, we remind you that the Company has paid no dividend with respect to the last three fiscal years.

5.1.9 INFORMATION REGARDING THE CAPITAL

5.1.9.1 Share ownership

In compliance with Article L. 233-13 of the French Commercial Code, and taking into account the information received pursuant to Articles L. 233-7 and L. 233-12 of said Code, we cite below the identity of the individuals and/or legal entities directly or indirectly holding, as at the close of the last fiscal year, more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds or nineteen-twentieths of the Company's share capital or voting rights at the General Meetings:

- Groupama Holding: 90.96% of share capital and voting rights;
- Groupama Holding 2: 8.99% of share capital and voting rights.

Since the end of the fiscal year, the Company carried out a capital increase reserved for Groupama Holding and Groupama Holding 2. Following this capital increase, carried out on 25 February 2016, the distribution of the Company's capital and voting rights was as follows:

- Groupama Holding: 92.00% of share capital and 91.54% of voting rights;
- Groupama Holding 2: 7.96% of share capital and 8.42% of voting rights.

5.1.9.2 Employee shareholders

Pursuant to the provisions of Article L. 225-102 of the French Commercial Code, we note that the employees, former employees and officers of the Company held 0.05% of the share capital and voting rights of Groupama SA as at 31 December 2015. Following the capital increase referred to above, the Company's employees, former employees, and officers held 0.04% of the capital and voting rights of Groupama SA.

5.1.10 INFORMATION REGARDING COMPANY OFFICERS

5.1.10.1 Directors' compensation

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, we report below the gross total compensation and benefits of any kind paid to each Director during the fiscal year, both by the Company and by the companies controlled by the Company in the sense of Article L. 233-16 of the Commercial Code. During the year, payments were as follows:

- Mr Jean-Yves Dagès: gross annual compensation (including benefits in kind) paid by the Company to him in his capacity as Chairman of the Board of Directors: €294,451 (gross annual compensation of €259,200, retirement benefit of €35,251);

- Mr Michel Baylet: Directors' fees paid by the Company: €63,698 and Directors' fees paid by Groupama Holding: €44,280;
- Ms Annie Bocquet, Director until 17 April 2015: Directors' fees paid by the Company: €32,535 and Directors' fees paid by Groupama Holding: €11,070;
- Mr Daniel Collay: Directors' fees paid by the Company: €60,953 and Directors' fees paid by Groupama Holding: €44,280;
- Mr Amaury Cornut-Chauvinc: Directors' fees paid by the Company: €71,933 and Directors' fees paid by Groupama Holding: €44,280;
- Ms Marie-Ange Dubost: Directors' fees paid by the Company: €71,933 and Directors' fees paid by Groupama Holding: €44,280;
- Ms Caroline Grégoire Sainte Marie: Directors' fees paid by the Company: €91,620;
- Mr Michel L'Hostis: Directors' fees paid by the Company: €63,698 and Directors' fees paid by Groupama Holding: €44,280;
- Mr Jean-Louis Pivard: Directors' fees paid by the Company: €74,678 and Directors' fees paid by Groupama Holding: €44,280;
- Mr Laurent Poupart, Director since 27 May 2015: Directors' fees paid by the Company: €22,688 and Directors' fees paid by Groupama Holding: €30,435;
- Mr Bruno Rostain: Directors' fees paid by the Company: €76,050;
- Ms Odile Roujol: Directors' fees paid by the Company: €56,835;
- Mr François Schmitt: Directors' fees paid by the Company: €58,208 and Directors' fees paid by Groupama Holding: €62,280;
- Mr Thierry Martel: gross annual compensation (including benefits in kind) received for his duties as Chief Executive Officer within the Group: €1,170,702 (gross annual compensation €632,245, variable compensation €494,913, medical care, protection savings, and unemployment insurance for entrepreneurs and company owners: €43,544) and retirement contract awarded to members of the Groupama SA Steering Committee;
- Mr Christian Collin, Deputy Chief Executive Officer until 18 June 2015: gross annual compensation (including benefits in kind) received for his duties as Chief Executive Officer within the Group: €668,316 (gross annual compensation €234,849, variable compensation €412,428, medical care, protection savings, and unemployment insurance for entrepreneurs and company owners: €21,039) and retirement contract awarded to members of the Groupama SA Steering Committee.

The information referred to in Articles L. 225-102-1-3rd paragraph and D. 225-104-1 of the French Commercial Code appears in § 3.3.

Lastly, the cumulative gross annual compensation (including profit-sharing and benefits in kind) paid to members of the Groupama SA Steering Committee totalled: €4,132,178, not including the Chief Executive Officer and the Deputy Chief Executive Officer, the amounts of which are indicated above. The total commitment for retirement contracts as at 31 December 2015 was €16,809,842 for members of the Steering Committee to date.

5.1.10.2 Terms of office and duties performed by Directors

A list of the duties and functions carried out during the year in all companies by the Chairman of the Board of Directors, the Directors, and the Chief Executive Officer appears in § 3.1.2 and § 3.1.3.

5.1.10.3 Advisory opinion on remuneration for the Company's Directors and officers

In accordance with the recommendations of the AFEP-MEDEF Code revised in November 2015 (Article 24.3), a code to which the Company refers in application of Article L. 225-37 of the Commercial Code, the following components of the compensation due or allocated to each Director and officer of the Company for the fiscal year now ended must be submitted for the opinion of the shareholders:

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

It is proposed that the General Meeting of 7 June 2016 (see Resolutions 6, 7 and 8 in § 7.3.2) issue an opinion on the components of the compensation due or allocated to each Director and officer of the Company for fiscal year 2015, namely:

- Jean-Yves Dagès, Chairman of the Board of Directors;
- Thierry Martel, Chief Executive Officer;
- Christian Collin, Deputy Chief Executive Officer until 18 June 2015.

The components of the remuneration due or allocated to each of these Directors and officers for fiscal year 2015 are contained in § 3.3.4.1 to § 3.3.4.3.

5.1.11 TRANSFER OF THE CAPITALISATION RESERVE

In order to satisfy the provisions of Article 19 of decree no 2015-513 of 7 May 2015, which eliminates the capitalisation reserve mechanism for Non-Life insurance companies starting on 1 January 2016, we hereby submit to you a resolution relating to the transfer of the amount of the capitalisation reserve as it appears on the accounts as at 31 December 2015 to "Other reserves".

5.1.12 FINANCIAL AUTHORISATIONS

Attached to this report, pursuant to Article L. 225-100, § 7 of the French Commercial Code, is a summary table of the delegation of competence and authority granted by the Shareholders' Meeting to the Board of Directors to increase the share capital pursuant to Articles L. 225-129-1 and L. 225-129-2 of said Code.

It is proposed that you renew certain financial authorisations previously granted by the General Meetings of 11 June 2014 and 18 June 2015, which will expire during fiscal year 2016 and are intended to allow the Company's Board of Directors to have the necessary financial flexibility.

For some of these authorisations, the reports of the Company's statutory auditors will be presented to you in accordance with current legal and regulatory provisions.

The following would thus be renewed:

- the authorisation for issue with preferential subscription right (9th Resolution);
- the authorisations for issue without preferential subscription rights reserved for Groupama Holding, Groupama Holding 2 and certain categories of people (10th, 11th and 12th Resolutions);
- as well as the issue reserved for members of the Group savings plan (13th Resolution).

Three authorisations for issue preferential subscription rights: the one proposed to be renewed has a duration of 18 months, while the other two authorisations others have a duration of 26 months. The previously adopted ceilings have been maintained, particularly the overall ceiling set at €1.1 billion in nominal value.

Within this context, we propose that you grant the following authority to the Board of Directors:

- in order to increase the share capital, by issuing shares and/or equity securities, with retention of the preferential subscription right, this authority being more traditional and able to be used alone or simultaneously with other types of authorities (9th Resolution). Capital increases could be carried out up to a maximum par value of €1.1 billion, also constituting the overall limit on capital increases likely to be carried out on the basis of other authorities subject to your approval within the framework of this General Meeting, with the exception of the issues reserved for members of savings plans referred to under the 13th Resolution. These limits will be increased, where applicable, for the par value of the shares to be issued in the event of new financial transactions to safeguard the rights of holders of equity securities giving access to the capital.

  We remind you that the preferential subscription right is offered to shareholders existing at the time of the transaction in order to enable them to avoid any "dilutive" effect after completion of the transaction.

  This delegation of authority will be granted for a period of 26 months after this date, and will replace the one granted by the General Meeting of 11 June 2014;
- in order to increase the share capital by issuing shares and/or securities giving access to the Company's capital reserved for Groupama Holding (10th Resolution) and/or Groupama Holding 2 (11th Resolution) and/or certain categories of people belonging to the Groupama group (12th Resolution), namely: (i) elected representatives of the local and/or regional mutuals; (ii) employees and Managers or company officers provided for in Article L. 3332-2 of the French Labour Code, businesses linked to the Company as defined in Articles L. 3344-1 and L. 3344-2 of that Code, who or which are not beneficiaries of the issues effected pursuant to the 13th Resolution proposed to this General Meeting, and/or; (iii) persons and/or the employees and Managers or company officers of companies not referred to above but who meet the criteria referred to in the first paragraph of Article L. 3344-1 referred to above and/or; (iv) mutual funds or other employee shareholding bodies holding investments in the Company's securities, whose share owners or shareholders are composed of the persons referred to in (ii) and (iii) of this paragraph and/or the beneficiaries of the 13th Resolution proposed to this General Meeting.

  These delegations of authority would be granted for a period of 18 months from the day of the meeting, up to a maximum par value of €1.1 billion; they would replace the delegations of authority granted by the General Meeting of 18 June 2015.

  The issue price of the directly issued shares shall at least equal shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date, and the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issuance of those equity securities, be at least equal to the minimum subscription price defined for the directly issued shares;
- in order to increase the share capital, by issuing shares and/or equity securities in the Company reserved for members of savings plans (13th Resolution), eliminating their preferential share rights. This resolution will be reserved to employees of Groupama SA, its French and foreign subsidiaries, and regional mutuals that are members of a savings plan. The delegation of authority will be granted for a period of 26 months from the day of the meeting, up to a maximum par value of €150 million; it will replace the delegation of authority awarded by the General Meeting of 18 June 2015.

  By nature, this waiver involves the waiver by shareholders of their preferential share right in favour of the beneficiaries in question. The share subscription price would be determined in accordance with Article L. 3332-20 of the French Labour Code and will be equal to at least 80% of the Reference Price (as defined hereunder) or, if the period of unavailability stipulated by the plan in accordance with Articles L. 3332-25 and L. 3332-26 of the Labour Code is more than or equal to 10 years, to at least 70% of the Reference Price. The Reference Price is defined as the price determined in accordance with the objective methods used to value shares, taking into account, according to a weighting appropriate for each case, the net accounting position, profitability and business outlook of the Company in accordance with the provisions of Article L. 3332-20 of the French Labour Code.

5.1.13 AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The following amendments to the memorandum and articles of association are proposed:

- Article 12.2 concerning the conditions for the election of employee Directors in order to take account of the online voting option and simplify the provisions of the articles;
- the 4th item of the 2nd paragraph of Article 14 concerning the solidarity fund provided for by the agreement on security and solidarity plans, as this solidarity mechanism has been amended as part of the Group's preparation for Solvency II;
- the 3rd and 4th paragraphs of Article 20 to bring the articles into compliance with the legal and regulatory provisions concerning General Meetings.

5.1.14 SOCIAL AND ENVIRONMENTAL INFORMATION

The information published in this report pertains only to the consolidated entities in the financial reporting. They therefore do not reflect all of the CSR (Corporate Social Responsibility) actions carried out by the entire group, particularly concerning the regional mutuals. The elements of the Group's CSR strategy are presented more fully in Groupama's annual report.

5.1.14.1 Groupama, a mutual insurance group built around values and objectives in line with CSR

Through its complementary brands, the Groupama group forges its identity on values – local service, commitment, performance and solidarity – placing human beings and their expectations at the heart of its actions allowing it to build trust over time. Integrating the issues of sustainable development into its business activities and its relations with its stakeholders is part of its daily commitment to responsible business.

This commitment is fully reflected in its insurance business – protection of the lives and property, long-term vision, prevention, etc. – but also beyond its core business, by supporting initiatives coming from civil society, by participating in the reduction of economic and social vulnerabilities and by contributing to the emergence of solutions related to issues such as the lengthening of human life, care networks, the study of climate change, road safety, etc. The Group and its companies are part of a long-term vision.

CSR fully contributes to the performance of our group at the service of customer satisfaction, by reinforcing the commitment of our employees, by stimulating innovation and drivers of growth (responsible products and services, new markets, etc.), by reducing costs (logistics optimisation, recycling, reduction of consumables, etc.) and by strengthening the image and quality of the relationship with external and internal audiences, particularly in the regions. CSR thus makes a group-wide contribution to risk control in the major areas of activity (commercial, HR management, communication, etc.).

CSR management reflects the integration of sustainable development into the business strategy. A three-year framework plan is defined at the Group level – for the 2013-2015 period, then for the next three years (2016-2018) – in which each company indicates its actions.

A CSR Department, created in 2008, and today attached to the Group HRD for more cross-functionality, promotes and coordinates the CSR policy within the Group. It reports on the progress of the CSR strategy to the Group Ethics Committee. In particular, it leads a network of 50 correspondents from all the Group's entities (regional mutuals and Fédération nationale, Groupama SA, French and international subsidiaries, and the IT and logistics EIG Groupama Supports & Services), which participate in the development of action plans and exchange on their best practices.

5.1.14.2 A cross-functional, ambitious CSR strategy

During 2012, the Group formalised a comprehensive, ambitious CSR initial strategy for the 2013-2015 period based on five pillars – responsible insurer, fighting rare diseases, local development actions, responsible employer and environmental actions – and taking into consideration the social, environmental and societal impacts of its business, which includes its relations with stakeholders and the loyalty of its practices.

The Group has adopted a new plan for 2016-2018. Its objective will be to mobilise the entire group around CSR with high added value to serve the Group's strategic programme. It was constructed in 2015 through a collaborative approach, involving the coordinators and departments of the companies, with the ambition of further anchoring CSR into the Groupama group's everyday activities.

(a) Responsible insurer

Rooted in modernity and movement, the Groupama group develops offers that respond to society's major issues: mobility, entrepreneurship, pension, health, assistance, long-term care, and adaptation to weather changes. Incorporating strong social and environmental added value into the Group's products and services is a challenge for the future. Today, it is committed to going further in taking environmental, social and societal factors into account in constructing insurance and banking offerings, its prevention actions and asset management as well as by adopting responsible behaviour in its relations with its various stakeholders.

Insurance and banking offers

OFFERS RESPONDING TO SOCIAL AND SOCIETAL ISSUES

Accessibility

In order to better meet customer needs and to enable all customers to insure themselves depending on their capacities while continuing to benefit from sufficient coverage, the Group has developed forms for modest and limited budgets in its offers; they are available in its three major distribution networks. In 2013, the "Essentials", new forms of the individual supplemental health insurance product, were created. They provide for reimbursements only for health expenditures considered essential by the policyholders, particularly in situations of setbacks. In group health, as part of the National Interprofessional Agreement (ANI), the Group was one of the first insurers, as early as 2013, to promote through its Gan and Groupama networks, accessibility and protection for all employees by equipping the companies with policies adapted to the characteristics of the professional segments.

The Group has also made a commitment to supplemental insurance health: it was the first insurer to join the "Optique Solidaire" system (for policyholders over age 60 with modest income). It is part of the "Assureurs Complémentaires Solidaires" grouping, whose tender was selected to be able to offer policies to beneficiaries of supplemental health purchase assistance (ACS).

Along the same lines, there are also "Mini" or "Essential" offers in motor insurance. Since 2015, Groupama has expanded its range of basic offers with a variation on multi-risk home policies.

In order to support socio-economic developments, the Group has adapted its Everyday Accident insurance: accessible to blended families, adapted coverage for individuals over age 70 and students abroad. Since 2014, there has been a specific option to protect professionals (tradesmen, shopkeepers, and service providers) within Private Everyday Accident.

Sustainable social protection

In health, the Group is fully committed to complying with the conditions of the new "responsible policies" that limit the consumption of unnecessary care or care from health professionals who charge excessive fees. In 2015, all policies were converted into "responsible policies", and for the policyholders, the tax applicable to their supplemental protection has not been doubled. The same is true for group health policies (as part of the "ANI" offer).

Health policies offer generalised third-party payment and access to large care networks throughout France (Sévéane), particularly in optical care. Note the extensive support services provided by the Group: at-home assistance including "young mum", housekeeper, hotline upon release from the hospital, etc. Specific prevention coverage for policyholders age 55 and older for the insured persons aged 55 years and over is incorporated into the product, particularly in dental and podiatry, and provides coverage for treatments not reimbursed by the compulsory schemes.

An insurance dedicated to seniors was launched in 2015 with coverage better meeting their needs, such as increased reimbursements on hearing aids. A hotline for seniors has already been available for a long time – and will continue to be developed through the "connected home" – and is a response to the issues directly related to the ageing of the population, such as risks of dependence and home support.

In order to meet this challenge of ageing and the growing imbalance of the pay-as-you-go system in France – hence increased requirements in terms of performance and security on the part of savers – the Group completely renovated its retirement offer, Gan in 2013 and Groupama in 2014-2015 (secure, protected, diversified UL, and time-horizon management). Note that the Group also contributes to the Certivia fund, intended to promote life annuities in France.

OFFERS WITH AN ENVIRONMENTAL ASPECT

Through its offers, the Group encourages its members and clients to adopt behaviours respectful of the environment or to protect themselves against weather events. A few examples in our main markets.

Individuals Motor insurance and home insurance

- The "Pay as You Drive" and "infrequent driver" motor insurance offers are linked to more limited use of the automobile and therefore with a positive effect on consumption and the environment. In addition, a "Pay How You Drive" offer has already been launched internationally, and in France from the end of 2015 (Amaguiz), in order to encourage less dangerous, more economical driving behaviours. This programme is based on the use of an electronic unit installed in the car and linked to a smartphone. This sensor gathers information about the driving style (turns, braking, accelerations), use, and frequency of use of the vehicle. These indicators will be taken into account in the calculation of any rate reductions granted.

  The Group's environmental commitment incorporates the analysis of product life cycles and is reflected in its encouragement of all those involved in the supply chain, up to repair and the services provider networks, to adopt a virtuous approach. The Group continued its policy of repairing instead of replacing damage automobile parts, which further reduces our CO_2 emissions and production of waste. Thus, 35.7% of bumpers and shields were able to be repaired in 2015.
- In home insurance, offers respond to ecological issues with the inclusion of coverage for equipment that produces renewable energy in its multi-risk home policies. For appliances, Groupama launched the first "green" new equipment replacement plan in 2009. These policies thus encourage our members and customers to adapt their home to environmental issues. The arrival of the "connected home" also opens up interesting prospects in the field of temperature or energy management.

Agricultural

As a committed insurer and agricultural professional organisation, the Groupama group is a major player in agricultural insurance (65% of the French agricultural market) and the search for new solutions, particularly in the management of risks related to the environment. One example is the multi-risk offer providing a complete risk management plan for farmers; in particular, it includes coverage for environmental damage as well as specific insured dedicated to renewable energies (such as methanisation). In addition, in 2005, Groupama launched the "weather multi-risk insurance for harvests" offer, which allows farmers to protect their crops. Since 2015, the Group has marketed a new form of this offer – which the Group helped to define at the national level – in the form of a base policy against setbacks and options, with the objective of offering to a maximum number of farmers, across all types of production (including grasslands for livestock producers starting in 2016), the possibility of covering their operational expenses at a limited financial cost.

Businesses and local authorities

The Group develops multi-risk and liability solutions in environmental matters, which are the subject of prior in-depth studies of risks. For example, the risk analysis takes into account the development of new energy technologies. In addition, in 2015, as part of a pilot programme for companies, the Group launched a fleet management system based on driving behaviours, using on-board telematics, to promote economical driving.

As a responsible insurer, beyond the offer, strictly speaking, the Group is very attentive to the quality of the advice and the close relationship, a source of mutual trust with members and customers. In case of adverse weather conditions in particular – they were still numerous in 2014 and 2015 (particularly floods in the Mediterranean region in the fall) – the Group's teams mobilise on the ground. In 2015, Groupama Banque also developed a "Special Natural Disaster" credit for the affected customers (storm/flooding), allowing them to finance purchases (auto, work, etc.) related to replacing property damaged during a natural disaster as they await compensation from Groupama.

Prevention

For 60 years, the Groupama group's prevention policy has been reflected in a concrete commitment in areas pertaining to economic, social, and environmental responsibility: protection of people and property as well as the sustainability of businesses and the preservation of the environment. Driven by the strong convictions of the mutualist Directors and the employees, it favours anticipation and long-term actions to serve our members and clients.

For companies of the Groupama group, applying a large-scale prevention policy means encouraging the emergence of responsible attitudes towards the risks of today and tomorrow while being economically efficient. The Group's teams carry out various prevention actions, from technical prevention (business risk inspections, electrical or alarm installation advice, etc.) to institutional prevention with the general public, customers or non-customers (road safety awareness for schoolchildren, prevention of accidents in the home, conferences on health topics, etc.).

Prevention has taken shape over time through multiple individual or collective, innovative or original actions seeking to reinforce the safety of individuals and property on all of their private and professional risks. The deployment of prevention actions conforms to a group-specific strategy, a source of expertise and legitimacy: integration of dedicated resources (teams of prevention inspectors, Centaure centres, etc.), partnerships of excellence (Predict, Météo France, police force, motorway companies, etc.), and local actions thanks to exceptional coverage of the territory.

The Group is developing – and will increasingly develop – prevention services in connection with the growth of connected objects (particularly through auto, home, health, with young people, seniors, professionals including farmers, businesses, etc.).

During 2015, 13,787 customers or non-customers were made aware or trained on prevention by the Groupama group's teams (excluding Centaure centres).

Today our prevention actions group together five major areas: health, road safety, home risks, agricultural prevention and industrial risks and local authorities. The website vivons-prevention.com, dedicated to all prevention actions, has been online since 2011. It is supplemented by content on social networks.

HEALTH INSURANCE

In health insurance, the Groupama group takes action in a culture of prevention – by covering many acts of prevention, reimbursed by the compulsory scheme or not – and is actively engaged in informing and mobilising policyholders.

The supplemental health offer takes this approach to prevention into account, with, in particular, reimbursement for vaccines not reimbursed by social security, a free annual oral and dental check-up, coverage for fluoride treatments for children, smoking cessation, antimalarial medicines when travelling, etc. Specific prevention coverage for policyholders age 55 and older for the insured persons aged 55 years and over is incorporated into the product, particularly in dental and podiatry, and provides coverage for treatments not reimbursed by the compulsory schemes.

Groupama's prevention advice to customers and non-customers is presented both during health conferences (on topics such as nutrition, sleep, elimination of risk factors like tobacco and alcohol, self-medication, etc.) and through groupama.fr in the form of guides and health profiles on various topics.

The website www.bienmangerpourmieuxvivre.fr provides tips for better eating. Sections are dedicated to the elderly, children, pregnant women, and athletes. Groupama and Gan support this website published by "Saveurs et vie", a specialist in providing custom at-home meals and nutritional care. Practical (the seasonal basket, for example) and fun sections are exclusively reserved for the Group's policyholders.

ROAD SAFETY

Groupama's road safety policy, developed for several decades, has been extended to all audiences and ages. From younger children starting school to seniors, the Group's companies have put in place a whole range of actions.

The twelve Centaure centres are an important relay for Groupama's prevention actions as regards its members as well as businesses and the general public. Spread out all over France, they offer road safety courses, including an eco-driving module.

In 2013, the Road Safety Department, Groupama, and the Centaure association renewed the road safety charter, which offers quality post-driving permit training to drivers for safer, more responsible driving.

Driver training at the Centaure centres	2014	2015	2015 scope (%)
Number of people trained in prevention and eco-driving at the Centaure centres	38,051 (1)	39,189	France

(1) Published 2014 figure (38,141) restated following the adjustment of the number of Centaure Normandy trainees.

Other prevention measures promoting road safety are carried out in the Group's entities. Examples included road safety prevention workshops, distributions of yellow vests, training for seniors as part of the "Il n'y a pas d'âge pour bien conduire" ("You're never too old to be a good driver") programme, and other actions.

In partnership with Coyote, Amaguiz, a subsidiary of Groupama SA, launched an experiment around new prevention and assistance services for their customers. Coyote is the European leader of real-time road information. Coyote solutions are NF-certified "Driving Assistants" based on the exchange of geotagged information allowing motorists to be alerted in real time of hazards on the road.

HOME SAFETY

Domestic risks are responsible for more than 19,000 deaths each year in France. Groupama's initiatives aim to encourage preventive and assistance behaviours. Many actions are carried out locally, like Information Meetings on "everyday accidents", fire hazards and the use of fire extinguishers and defibrillators, or awareness-raising events like "House full of dangers" or "Tourisk family". Groupama also publishes thematic sheets on the everyday risks, such as securing private pools and playgrounds or deciphering danger icons. Our initiatives are implemented *via* local partnerships with players as diverse as Générations Mouvement, the French Red Cross, Familles Rurales, Foyers Ruraux, etc.

At groupama.fr, all the pages on prevention advice regarding home safety were updated, and prevention approaches were put in place in order to support the legislative developments (particularly for smoke detectors).

Box Habitat, a complete system for self-monitoring in the home (fire, intrusion, power outage), was launched in 2015

AGRICULTURAL PREVENTION

The agricultural prevention sector, with very comprehensive actions involving multiple innovations, has benefited from the historic commitment of the Groupama group, which celebrated "60 years of prevention" in 2015.

One example is the "Dix de Conduite Rurale" ("Rural Driving 10") campaign, initiated by Groupama in agricultural colleges in 1972 in partnership with the National Police, CLAAS and Total, which is now a benchmark in training on the risks of driving farm vehicle in the rural sector. The "Dix de Conduite Jeune" ("Young Driving 10") campaign is intended for students ages 14 to 16 in general education and agricultural schools; its educational goal is to prevent the real dangers of the road in order to better anticipate and control them.

Agriculture	2014	2015	2015 scope (%)
Number of days of missions carried out by preventionists	473	298	95.76
Number of outside individuals who benefited from awareness-raising actions, information or training in prevention or safety	14,389	12,909	96.11

The decrease in the number of days of missions is explained mainly by a major initiative in 2013-14 on the prevention of risks within intensive livestock farming not repeated in 2015.

Note that Groupama offers specific prevention tips for young farmers starting up.

BUSINESSES AND LOCAL AUTHORITIES

Groupama supports an approach to prevention of professional, environmental, etc. risks with industrials and local communities in order to understand their vulnerabilities and decrease them using a "customised" approach.

In partnership with Predict Services, a subsidiary of Météo France, the Groupama Predict offer intended for local authorities includes assistance in the preparation of a Local Response Plan and a real-time monitoring and information system on flood risks. Today, the plan is in place in 18,000 municipalities, under the Groupama (17,000) and Gan (1,000) brands – the Group is the number 1 insurer of France's municipalities – and provides warnings not only for floods but also risks of storms, coastal flooding, or heavy snowfall. The information provided by Groupama Predict is personalised and issued in real time by Internet or SMS. In addition, a *Groupama-Predict* app has been developed; it delivers messages regarding key information in order to anticipate and manage a hazard event: severe weather reminders, hydrometeorological assessments, protection instructions, etc. The Predict alert system was extended to individuals and businesses in 2015.

Businesses and Local Authorities	2014	2015	2015 scope (%)
Number of days of missions carried out by preventionists	2005	939	95.76
Number of outside individuals who benefited from awareness-raising actions, information or training in prevention or safety	524	637	96.11

The decrease in the number of days devoted to business risks is explained by a change in the scope of information reporting, focused on prevention strictly speaking, taking advantage of an organisational change at Gan Assurances [(1)].

However, there has been an overall increase in the number of outside people who have benefited from awareness, information, or training actions. This is explained by the increase in the activity of the prevention engineers of the Companies and Local Authorities Insurance Department of Groupama SA on behalf of various companies of the Group in the prevention of damages related to industrial risks.

Also note that, with regard to prevention for local authorities, Centaure training, Information Meetings on professional risks, and access to the Mayor Info Guide (50 sheets on all risks) are offered.

PREVENTION AMONG EMPLOYEES OF THE GROUP'S COMPANIES

Awareness, information and training actions on prevention or safety are also offered to employees of the Group. 2,152 individuals were made aware of various topics: workshops on road safety and awareness of hearing problems, first aid training, workplace rescuer training, fire training, etc. This represents a 35% increase compared with 2014, mainly because of actions undertaken at Groupama SA and Groupama Assicurazioni in Italy.

Responsible asset management

For more than 10 years, the Groupama group, a financial player in the economy's long-term development, has been involved in promoting Socially Responsible Investing (SRI), particularly through its third-party asset management subsidiary, Groupama Asset Management. Its expertise in analysis and research, its management products and its mobilisation within many French and international environments make it one of the market's recognised leaders in this field.

In addition to rolling out this specific SRI strategy, Groupama Asset Management has established a global objective of ensuring the widespread integration of Environmental, Social and Governance (ESG) issues [(2)] into all analyses of its investments. Groupama Asset Management believes that by promoting the integration of ESG issues into the macroeconomic and microeconomic analysis of its investments, it potentially optimises not only the management of risks but also the sources of added value and long-term value creation of investment portfolios through its policy of Responsible Investment (RI).

The Group's total investments incorporating ESG criteria (including the specific segment of Socially Responsible Investment – SRI) reached €20.7 billion at 31.12.2015, or 23% of total assets under management (16% excluding outside customers). Assets under management, including RI, were stable in 2015/2014.

	2015 [(1)]	Of which external customers	2014 [(1)]	Of which external customers
SRI and RI assets under management at 31.12 *(1) (in billions of euros)*	20.725	6.577	21,694 [(2)]	6.995
Share of SRI and RI in total assets under management *(%)*	23%	7.2%	24%	7.7%

(1) The policy of integrating ESG criteria into the financial management of the Group's assets is gradually applied to the universe of European medium/long-term assets (credit bonds and equities). At first, this integration was implemented for the management of Euro/Europe equities only within open or dedicated mutual funds managed by Groupama Asset Management, held by the Groupama group's entities and/or disseminated to outside customers. Starting in 2010, this integration was gradually extended to the management of credit bonds (companies) and European sovereign debts (States). The scope of assets integrating an ESG approach (RI assets) thus involves all securities and directly or indirectly held money market funds.

(2) Difference compared with the 2014 data published in 2015: see methodological note.

The scope taken into account for SRI and RI assets under management is as follows:

- universe of european assets (credit equities and bonds);
- medium/long-term assets excluding monetary assets;
- assets of open or dedicated mutual funds;
- SRI and RI assets under management held directly or indirectly through other mutual funds.

It applies to all managed assets for the Group, including international, as well as assets of outside customers (management entrusted directly by institutional investors, companies, and distributors) and those held by UCIs (undertakings for collective investment) of Groupama Asset Management. This change in scope explains the large difference with the amount indicated in the 2014 CSR report.

In 2015, Novethic renewed its SRI label for Euro Capital Durable and Groupama Crédit Euro ISR, which are Groupama Asset Management funds.

Groupama Épargne Salariale, as a Business Line Department of the Group, is also positioned in a CSR approach, for its offering of products intended for employees of the Groupama group and employees of 13,000 customer companies. Groupama Épargne Salariale offers SRI funds, accredited by the French Inter-union Employee Savings Committee (CIES).

In addition, in November 2015, the Group invested €50 million in the Tera Neva fund (Green Bonds) and is leading a major programme for the financing of the real economy, with nearly €1 billion in investments at the end of 2015 (particularly through investment capital and loan funds, aimed at financing SMEs and intermediate-sized firms (ETI), mostly in France, as well as transportation, energy/environment, and telecom infrastructures, and commercial real estate projects that create jobs).

(1) In effect, for fiscal years 2014 and before, the Company took into account feedback from Company Inspectors, salespeople addressing a multitude of themes with customers, including not only prevention but also coverages, excesses, etc. Now, the information is provided by the Business Market Prevention Manager. Since the reorganisation in May 2015, the industrial risk auditors attached to sites outside the capital region report to this person. They are the ones who perform most of the prevention inspections for business risks.

(b) Action to contribute to the development of the regions and the progress of community organisations and associations

€40.53 million was paid to local authorities for the territorial economic contribution (CET) in 2014 [(1)].

€8.5 billion in benefits were paid in 2015 [(2)] to our policyholders to allow them to preserve their economic activity and their family life.

The Group's decentralised structure favours strong territorial anchoring and contributes to the development of the regions. For employment, the Groupama group and its companies regularly organise Jobmeetings throughout France (13 meetings in 2015). In 2015, the first mutual insurance certificates were issued by a Regional Mutual, which will be followed by similar operations in 2016 for the eight other metropolitan mutuals. In particular, they will strengthen the investment capacity of the mutuals in the regions.

Almost all of the Group's companies engage in local actions/societal partnerships. Companies favour certain themes. Examples include Gan Assurances (entrepreneurship), Groupama Banque (integration into the local life of Montreuil), Groupama Asset Management (actions to support the disabled), Groupama Assicurazioni in Italy (solidarity, culture, environment), Groupama Sigorta and Emeklilik in Turkey (cinema), and Groupama Asigurari in Romania (cinema, prevention, support for the Romanian Olympic committee).

More generally, and in addition to the actions for prevention mentioned in point 2.1, the Group's companies are present on three major commitment themes associated with our anchoring and local relationships:

- contribution to economic development and initiative in the territories;
- commitments around "living together";
- the fight against rare diseases.

Economic development and initiative in the territories

Beyond a purely merchant or insurance-based approach, the Group's entities develop partnerships in the field to facilitate, encourage, embrace the initiative and promote employment, and contribute to local economic development.

This is possible and effective thanks to the Groupama group's local anchoring, with interaction between players in the field, thus providing detailed knowledge of the needs:

- in agriculture – with full support in the field, thanks to the numerous local initiatives of mutualist elected representatives, for the entire business cycle of farmers: sponsorship and support for installation, training and information, management of setbacks, participation in social progress initiatives (particularly related to health), promotion of agricultural trades (including partnerships with agricultural schools), etc. These actions are taken particularly in partnership with the Chambers of Agriculture (where Groupama is represented), professional associations and federations related to the sectors, the departmental JA [young farmers] organisations and the FDSEA. Groupama's departmental federations are represented within departmental land authorities (DDTs) as well as land-planning and rural-development companies (Safer);
- in the field of VSE-SMEs – with assistance for entrepreneurs and support for regional employment, under the leadership of the Group's companies and their commercial networks: as part of partnerships at the regional level with chartered accountants, CCIs, territorial CGPMEs, chambers of trades, CAPEB networks; partnerships with the structures or networks that help those who want to start or take over a business (Initiative France and "local initiatives platforms", Réseau Entreprendre, etc.);
- around solidarity projects and the local economy initiative, such as:
  - promoting local trade through digital technologies with the creation in 2013 of a first local network putting individuals into contact with local members/entrepreneurs (Granvillage),
  - supporting, according to a variety of terms and conditions, crowdfunding platforms (GwenneG, Lendopolis, Unilend, etc.) permitting the financing of various projects,
  - creating partnerships with schools to promote the business world and/or support young people in their efforts to gain employment; assisting employment or integration organisations, etc. In 2015, Groupama signed the "Entreprises & Quartiers" charter for priority neighbourhoods. Furthermore, Groupama SA continued its partnership with Proxité;
- being a partner of the ADIE – Since 2007, the Groupama group has supported the ADIE (association for the right to economic initiative) in its actions to promote micro-lending. Groupama Banque has thus made a line of credit available to the ADIE, with an outstanding balance of €1 million as at 31.12.2015.

Commitments around "Living together"

The companies of the Groupama group provide operational and financial support to numerous local associations (sports, cultural, general interest, and other associations) around three main themes.

HEALTH AND DISABILITIES

Health (excluding rare diseases): the entities have made significant commitments in the fight against cancer, particularly through walks or running races (like "La Parisienne") and participation in various sporting challenges, combining health and sport or nature. Other commitments have been made around the theme of health: support for AIDS patients or hospitalised children, promotion of blood donation, support in psychomotricity research, etc. The Romanian subsidiary Groupama Asigurari has thus committed €23,500 to various health initiatives, and Gan Assurances provides €15,000 in support to research on psychomotricity and civilisation diseases.

Disabilities: establishment by the companies of actions to support people with disabilities, beyond the employment of disabled staff and the use of adapted enterprise sectors (ESAT); various forms of partnerships: support for associations training dogs for the blind (€18,500 collected in 2015 for Handi'chiens), Handisport, Special Olympics France (a grant, through participation in inter-company relay races, programmes to enable people who live with a mental disability to flourish through sport), Handicap International, purchase of equipment for people with disabilities, support for professional integration, tickets for shows, etc.

(1) This amount corresponds to the CET paid by the tax consolidation group, established by Groupama SA and including subsidiaries held at more than 95% as well as the regional mutuals. The figure for fiscal year 2015 will be known in May 2016.

(2) Consolidated scope (France and international), excluding claims management costs.

CULTURAL PATRONAGE

A few priority themes:

- commitments around the "local culture": partnerships for events to showcase local or rural products and traditions; other more traditional commitments: music, heritage (support for museum exhibitions, local restorations, etc.);
- cinema, a group-wide commitment: particularly through the Gan Foundation for Cinema, which has supported the 7th art for more than 25 years. In 2015, the Gan Foundation continued its actions in support of young artists and help with distribution, with a budget of €500,000. In addition, through a group commitment since 2010, the Foundation is a "Grand Mécène" (major sponsor) of the Cinémathèque française, with €150,000 in support allocated this year. In addition, local actions have been taken in France, and commitments have been made abroad: Groupama Seguros in Portugal contributes €6,150 to the French cinema festival, and the Romanian subsidiary Groupama Asigurari gives its support to various events around cinema, such as the International Animation Film Festival or "Les Films de Cannes" in Bucharest (€14,250 in donations in total);
- Groupama Immobilier supports living artists by purchasing their works; this commitment amounted to €50,000 over three years (2014-2016 years).

SOLIDARITY

Humanitarianism and solidarity: the solidarity actions are very diffuse and multi-faceted, with support given to many organisations on general-interest or humanitarian projects (collection for Christmas, employee book drive, support for civilian victims of disasters, family or charitable organisations, etc.); actions related to international development, particularly for Africa: for example, as part of the Aïcha des Gazelles rally, Gan Assurances supported missions to aid children by contributing €10,000 in 2015 to the charity Cœur de Gazelles. A historic action of the Mutual Insurance Division: For 20 years, Solidarité Madagascar, in partnership with Générations Mouvement in particular; 37 projects are under way in 2015 (in health, education and agriculture). Groupama Phoenix (Greece) supported the charity SOS Children Village with €25,000 in 2015.

"Favourites" operations are initiatives that team up elected representatives, employees and members.

	2014	2015	2015 scope *(%)*
Amounts allocated for philanthropy excluding rare diseases *(in euros)*	1,448,322	1,780,462	99.71%

The growth in allocated amounts is explained by an increased commitment by several group companies in 2015.

Regarding relations maintained with learning institutions, many partnerships are forged between our regional mutuals or subsidiaries and the institutions in their region or pool of employment: instructional actions or conferences, sponsorship, acceptance of trainees and interns, simulation of interviews and participation in juries, presence in employment forums and support for teaching chairs.

Since 2015, Groupama has been a partner of the École Nationale de Voile et des Sports Nautiques (national school of sailing and water sports) in order to actively participate in the training of young talents for top-level multihull hydrofoil sailing.

Fight against rare diseases with the Groupama Health Foundation

The Group's commitment in the fight against rare diseases through the Groupama Health Foundation perfectly illustrates its mutualist values of solidarity, proximity, and trust.

The Foundation acts to promote medical diagnosis, encourage research on rare diseases, and improve the daily life of patients. More than 550 association-based projects, 29 researchers, and nearly 160 partner associations have been supported since 2000.

Being committed to the fight against rare diseases when nobody was talking about them and keeping this commitment for more than 15 years is undoubtedly a great demonstration of our ability to maintain long-term partnerships.

A STRONG COMMITMENT SINCE 2000

Three million people in France and 25 million people throughout Europe suffer from rare diseases: "rare" because each of these 7000 pathologies affects fewer than 30,000 patients. However, in France overall, they affect 1 person out of every 20. Since 2000, Groupama has been committed to this public interest issue, which is perfectly consistent with its mission as a responsible insurer and mutual insurer.

The Groupama Health Foundation supports the fight against rare diseases, regarded as one of the three public health priorities with cancer and Alzheimer's disease. The Foundation's three priority actions for 2013-2015 were maintaining a high level of support for research, increasing employee awareness of the cause of rare diseases, and developing local actions with elected representatives to help local associations and researchers in the territories.

THE FOUNDATION'S THREE MISSIONS

- promoting research particularly by awarding an annual Hope Grant ("Bourse de l'Espoir") of €100,000 over three years to a young researcher;
- promoting diagnosis by disseminating knowledge about the diseases. To do this, the Foundation particularly helps associations to communicate about these diseases by producing information material, developing their website and organising "rare diseases" forums. These last two actions are carried out with Orphanet, a unit of Inserm (French Institute of Health and Medical Research) and a reference portal on rare diseases and orphan drugs, and Alliance Maladies Rares, a collective of more than 202 associations, both long-time partners of the Foundation;

- facilitating the daily life of patients and their families by supporting their associations and the projects sponsored by them (assistance in educating in a hospital setting, actions to promote the independence of the sick, meetings between families and doctors, etc.) and awarding a €20,000 "Social Innovation" award each year. Its objective: support for innovative actions marking a significant step forward or a breakthrough and making it possible to change the situation for people with rare diseases and their families. In doing so, help break isolation, promote social links, or assist in the development of the therapeutic education for children or adults isolated by the disease.

MOBILISATION OF EMPLOYEES AND ELECTED REPRESENTATIVES IN FUNDRAISING EFFORTS IN THE FIELD

Since 2013, annual "Balades solidaires" ("Solidarity Walks") have been held throughout France on the first Sunday in June (for the most part). All the regional mutuals, Groupama SA, and the Group's entities in the Greater Paris region participate in the event. In 2015, the third edition of the "Balades solidaires", organised by the federations of elected representatives and the Groupama Health Foundation, brought together more than 15,000 walkers and raised almost €190,000.

The "Semaine de la Fondation" ("Week of the Foundation"), held from 12 to 16 October 2015, included the "Soirée de la Fondation", during which the Hope Grant (see above) and the Social Innovation award were awarded (in 2015, a project to develop an app for real-time measurement of the activity of auto-inflammatory diseases), as well as the "Bougeons-nous contre les maladies rares" ("Let's move against rare diseases") event, which mobilised the Group's employees (about 6 million steps taken) and allowed a cheque for €6,000 to be presented to the Association Maladies Foie Enfants – children's liver disease association.

Actions taken at the Group level	2015	2014
Number of patient associations supported	66	62
Number of encouraged projects	84	60
Number of sponsored researchers	3	3
Amount allocated for the fight against rare diseases by Groupama SA	€386,225	€386,225

The Foundation also benefits from support from the regional mutuals (not included in the consolidated scope), allowing it to reinforce its commitment to the fight against rare diseases.

In addition, the Group's companies mobilise in support of other "rare disease" institutions or associations. The Group's commitment (on the consolidated scope) in the fight against rare diseases totalled €445,458 in 2015.

(c) Responsible employer

Backed by its strong values, the Groupama group conducts social policies and many significant actions on the various HR components of CSR. Since 2013, it has paired its commitment as a responsible employer with quantified three-year objectives (on the Group scope only), in the areas of gender parity, employment of workers with disabilities, work/study training and quality of life at work.

Employment

The total headcount of the consolidated scope [1] as at 31 December 2015 was 15,402 employees (-272 compared with 31 December 2014). The 2015 data show 2,641 new hires (+525 compared with 2014, all contract types combined – excluding summer contracts), including 1,594 permanent contracts, and 2,068 permanent contract departures, including 390 redundancies and 66 departures as part of voluntary redundancy plans.

The breakdown of employees by gender, age and geographic area is as follows:

- 56% women and 44% men;
- 13% of employees are aged under 30, 55% are between 30 and 49 and 32% are aged 50 or over;
- 61% of the consolidated scope's workforce works in France and overseas and 39% in international locations.

(1) The consolidated scope includes all subsidiaries of the Group, in France and abroad, listed in the appendix. It does not include the regional mutuals.

Although there was an increase in recruitment after a decline in 2014, the total workforce remained down in 2015 because of the continued implementation of programmes aimed at improving operational performance.

	2014	2015	2015 scope *(%)*
Total headcount	**15,674**	**15,402**	**100**
Breakdown by gender	56% women 44% men	56% women 44% men	
Distribution by age:			100
■ under 30	13%	13%	
■ 30 to 49 years	56%	55%	
■ 50 and older	31%	32%	
Distribution by geographical area:			100
■ France and Overseas	60%	61%	
■ International	40%	39%	
New hires (all contract types combined excluding summer contracts)	2,116	2,641	100
■ of which permanent contracts	1,475	1,594	
Departures (permanent contracts)	2,285	2,068	100
■ of which redundancies	363	390	
■ of which departures under voluntary redundancy plans	234	66	

The average annual remuneration in France was €48,580 in 2015, with the following distinction:

- €31,218 for non-executives;
- €58,424 for executives.

	2014	2015	2015 scope *(%)*
Average annual remuneration *(in euros)*	48,214	48,580	France
■ non-executives	31,132	31,218	
■ executives	58,170	58,424	

Organisation of work

The theoretical work time in the Group's companies in France is between 32 hours and 42 minutes and 40 hours per week, without significant change compared with 2014. Across the entire consolidated scope, the absenteeism rate was 7.40% in 2015 (55% of days of absences on the France scope), including 60% related to illness (+5 points compared with 2014) and 28% related to maternity/paternity (-3 points compared with 2014).

	2014	2015	2015 scope *(%)*
Theoretical working time	Between 32h42 and 40h	Between 32h42 and 40h	France
Absenteeism rate	7.40%	7.40%	99
■ of which in France	6.50%	6.70%	
Absences related to illness	55%	60%	99
Absences related to maternity/paternity	31%	28%	

Employee relations

In addition to the employee representative bodies within the entities making up the Group, the Groupama corporate dialogue is organised at the top level through bodies that cover various scopes: European, European, group in France, UDSG and UES:

- The European Works Council (EWC) receives information in order to exchange views and engage in dialogue about transnational issues. The EWC met twice in 2015. It covers a European scope representing 31,021 employees as at 31.12.2015 (-209 compared with 31.12.2014), including 14,860 employees of the consolidated scope (-249 compared with 31.12.2014).

  In 2015, the EWC Board, made up of seven employee representatives among the members of the EWC, met three times, including one meeting at the Portuguese subsidiary and an exceptional meeting.
- The Group Committee (CG), a body for dialogue and thought, receives information about the activity, financial position, employment trends and forecasts and economic prospects of the Group for the coming year. It covers a scope in France

representing 25,506 employees as at 31.12.2015 (-71 compared with 31.12.2014), including 9,345 employees of the consolidated scope (-109 compared with 31.12.2014).

In 2015, this body met four times on the following major themes: group news and projects, presentation of the 2014 accounts, presentation of the update to the Group ethics charter, and information on mutual insurance certificates.

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

  The CDSG reviewed the Group agreement relating Diversity and Equal Opportunities. Its work led to the signing of an amendment on 24 June 2015 intended to align practices among the Group's companies with regard to integrating employees with disabilities and keeping them employed, establish support measures for employees helping family members, promote work/life balance by further taking into account the family situation of employees (particularly single-parent families), and promote professional equality.

› The Group Quality of Life at Work Committee (CQVT), created by the Group agreement relating to quality of life at work, a place for discussion and recommendations, continued the dialogue on quality of life at work and the actions undertaken within the Group and its companies in France. Its work focused on preparing recommendations for good use of information and communication technologies.

› Groupama Social Development Unit (UDSG).

  The UDSG is an association governed by the French law of 1901 that groups together all companies of the agricultural mutual insurance scope (Groupama SA, regional mutuals, Groupama Supports & Services, etc.), *i.e.*, 18,444 employees as at 31.12.2015 (-31 compared with 31.12.2014), including 2,877 employees of the consolidated scope (-66 compared with 31.12.2014).

› Economic and Social Unit (UES).

This unit covers Groupama SA, Gan Assurances, Groupama Gan Vie, Gan Prévoyance, Gan Patrimoine and Groupama Supports & Services and represents 7,145 employees as at 31.12.2015 (-200 employees compared with 31.12.2014).

› The UES Central Works Council (CWC) exercises economic powers relating to the general operation of the Company and exceeding the limits of the powers of establishment heads. It is informed and/or consulted periodically on projects affecting economic or legal organisation or economic and financial projects concerning the UES.

  In 2015, it examined the following points:

  - information/consultation about the Noisy site development project;
  - information about the planned virtualisation of workstations (Neptune project);
  - presentation of the 2014 annual accounts of the Groupama group;
  - information/consultation about the apprenticeship tax;
  - information/consultation about the application for renewal of the approval of the inter-institutional Medical Department of Gan Assurances, Groupama Gan Vie, Gan Prévoyance and Gan Patrimoine located in the Michelet building;
  - information/consultation about the planned disposal of the subsidiary Groupama Vietnam;
  - information about the Group Digital Transformation Department;
  - presentation of the update to the Group ethics charter;
  - presentation of the 2014 annual accounts of the legal entities constituting the UES and Review of the chartered accountant's report;
  - review of 2014 UES consolidated labour assessment;
  - information/consultation about the proposed partnership with Orange in digital banking;
  - information/consultation about the proposed transfer of the ISICLIC project ownership from Groupama SA to Groupama Gan Vie;
  - information/consultation about the Groupama SA – Arkéa partnership project;
  - information/consultation about the proposed temporary use of a workplace inter-company Health Department for Groupama Gan Vie, Gan Assurances, Gan Prévoyance, and Gan Patrimoine;
  - information/consultation about the proposed in-sourcing of the infirmary activity within the workplace Health Department of Groupama Gan Vie, Gan Assurances, Gan Prévoyance, and Gan Patrimoine at the Michelet site;
  - information about the employee data reporting;
  - presentation of the "ANI" group approach;
  - information about Mutual Insurance Certificates;
  - information about consultations of the works councils on the use of the tax credit for competitiveness and employment (CICE).

  The UES also includes a Central Trade Union Delegation: a body for group negotiation at the UES level, within which the following agreements were entered into:

  - UES agreement on employees with disabilities or supporting a member of their family affected by illness or disability, signed on 6 March 2015;
  - agreement relating to professional gender equality within establishments of the UES signed on 10 July 2015;
  - amendment to the agreement relating to the compulsory health care cost scheme within Gan/Groupama Gan Vie entities of the UES, signed on 20 November 2015.

Each year, the UES also negotiates on wages and eliminating wage gaps between women and men, which led to a statement disagreement this year relating to 2015 UES Mandatory Annual Negotiation on wages and wage equality between women and men, signed on 3 December 2015.

› Assessment of group agreements:

  48 collective agreements were entered into in 2015 involving all companies of the consolidated scope (including 42 in French companies). The topics of these agreements concern:

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

Topics of collective agreements entered into at the Group (or inter-company) level and in the various group entities in 2015 (in France and abroad)

Social dialogue/employee representation	Agreements on corporate dialogue Election of employee Directors to the Board of Directors Electronic voting Extension of participation in GAG negotiations
Remuneration and benefits	Compulsory annual wage negotiation Profit-sharing Paid leave savings plan Protection and generation contract Special leave Coverage of transport expenses Major protection and healthcare cost regime (1) Compensation Time savings account
Working conditions	Amendment to the working time agreement Organisation and management of working time Employment contract Rest periods Working hours Agreement on co-financed training
Diversity/Equal opportunities	Gender Equality
Employment and organisation of the companies	Strategic workforce planning

(1) Three agreements signed in 2015 on the theme “health and safety”: “Healthcare costs”, “Major protection and healthcare cost regime”, and “Rest periods”.

Health and safety

A group agreement relating to Quality of Life at Work applicable to all companies and employees of the Group in France was signed on 28 February 2011 and supplemented by the signing of an amendment on 10 October 2014. It defines a common framework for the Group companies to improve the quality of life at work and, in this regard, in addition to the actions and measures already implemented within the Group companies, prevent, treat, eliminate and, otherwise, reduce any problems related to psychosocial risks. These particularly include stress, harassment, and violence in the workplace as well as internal or external nuisances and particularly public nuisances.

The Group provisions cover the following areas:

- at group level and as part of an annual assessment, consolidate indicators that enable the detection of possible problems at work;
- establish prevention actions in order to train Directors, Managers and all employees on psychosocial risks; raise awareness about improving workplace well-being, conduct actions for prevention and support for employees in case of public incivility or aggression, encouraging work/life balance, and promoting the implementation of forums for discussion among employees;
- offer mechanisms for Internal Regulation including a psychological counselling centre open to all employees and a mechanism to seek a jointed solution for any event likely to affect the physical and/or mental health of an employee;
- take into account the prevention of psychosocial risks within the Group’s companies:
  - designate a “psychosocial risks and quality of life at work” HR contact within the companies whom the employees may call on if they believe that they have identified a situation that generates psychosocial risks,
  - prepare a diagnostic analysis and a plan of actions concerning the psychosocial risks to which employees are exposed,
  - develop a “crisis management” procedure,
  - support employees during significant changes;
- create a Group Committee for Quality of Life at Work: this joint committee, a place for discussion and recommendations, examines the “quality of life at work” component of structuring projects presented to the Group Committee. It is informed of the implementation, deployment and monitoring of these major projects, any impacts on working conditions and implemented HR support.

In 2015, the Committee for Quality of Life at Work met four times. Its work focused on the topic of information and communication technologies. The annual assessment, based on the indicators of the agreement and the actions carried out in the companies, was also presented.

In 2015, 26 of the Group’s companies in France thus carried out a diagnostic analysis of psychosocial risks with an authorised outside organisation or internally. Twenty of them initiated an action plan, and others are in progress, *i.e.*, 67% of the Group’s companies in France.

In 2015, 140 workplace and commuting accidents resulting in a work stoppage were identified at the consolidated scope level, including 112 in France. The frequency rate of these accidents in France was 7.3, and the severity rate was 0.24.

	2014	2015	2015 scope (%)
Workplace accidents resulting in work stoppage	182	140	100
■ of which in France	160	112	
Frequency rate	10.4	7.3	France
Severity rate	0.34	0.24	France

Training

The training policy is implemented within each group company in order to take into account its specific circumstances (company project, activities, business lines, age pyramid, etc.). Based on this finding, Groupama University provides the companies with a community training catalogue, produced based on the needs expressed by the companies, particularly through the network of Training Managers, who meet two to three times per year.

On the consolidated scope:

- 420,398 training hours were provided (539,941 hours in 2014);
- 32 training hours were provided on average per trained employee (43 hours in 2014).

Equality of treatment

The Group Ethics Committee, made up of two Chief Executive Officers of regional mutuals, the Chief Executive Officer, two Deputy Chief Executive Officers and the General Secretary of Groupama SA, meets twice a year, including once on the topic of the Group's annual CSR performance review and social aspects. In 2015, it met on this topic on 26 March.

As a socially responsible employer, the Groupama group and its companies write up their actions to promote diversity and prevention against discrimination consistent with the CSR priority areas.

The Groupama group's commitment against discrimination and for diversity is particularly reflected by:

- its accession to the United Nations Global Compact. Effective since 7 February 2007, it commits the entire group to respect the ten principles of the Compact. Each year, the Groupama group publishes its "Communication on Progress" on the website of the United Nations Global Compact and presents the Group's actions in France and the renewal of its commitments;
- its accession to the diversity charter. Entered into on 26 June 2007, it commits the entire group in France to establish a policy favouring diversity;
- its accession to the parenthood charter dated 14 December 2010. It confirms the Group's commitments in France regarding professional gender equality. It promotes a better quality of life at work based on a rich social framework as well as the professional development of employees who are parents.

The Groupama group also continues its partnership with the Agefiph, signed on 18 November 2010, for the purpose of promoting professional inclusion and maintaining the employment of people with disabilities within the Group's companies in France. This partnership particularly allows job offers from the Group's companies appearing at www.groupama-gan-recrute.com to be posted on the Agefiph website.

GROUP AGREEMENT ON DIVEVSITY AND EQUAL OPPORTUNITIES

The Groupama group's commitment has been formalised since 24 October 2008 by the Group agreement relating to diversity and equal opportunities signed with the trade union organisations for an indefinite period. It seeks to ensure equal treatment among employees of the Group's companies in France, to prevent any form of discrimination in development and access to employment throughout the professional life and to promote equal opportunities.

The Group's diversity policy is relayed by a Group Diversity correspondent and in each company in France by a Diversity correspondent:

- responsible for implementing the Group's diversity policy within his or her company;
- acting as the employee contact for his or her company on topics related to diversity;
- serving as the point of contact for the Group diversity correspondent;
- serving as the relay with the staff representative bodies, the expanded diversity committee and on action plans developed on this subject.

This agreement was supplemented in 2011 and 2015 by amendments covering the following areas:

- professional gender equality;
- maintaining the employment of senior workers;
- equal family rights;
- equal parental rights;
- reconciliation of family life/work life;
- informing and communicating to Managers and employees.

In particular, the amendment of 24 June 2015 aims to:

- harmonise practices among the Group's companies for integrating employees with disabilities and keeping them employed;
- establish support measures for employees helping families;
- promote work/life balance by further taking into account the family situation of employees, particularly single-parent families.

A group-level Diversity correspondent appointed by the Group HRD implements the Group's policy regarding discrimination, promotion of diversity and equal treatment by ensuring that these topics are communicated and relayed internally by the diversity correspondents of the companies.

The Diversity Correspondent has the following responsibilities:

- assist companies in the implementation of actions;
- ensure the proper appropriation and application of the Group's policy by the HR teams of the various companies and communicate the good practices of the Group's entities;

- promote the development of actions to raise awareness among all employees;
- act as mediator between company Managers and the employees concerned; any dispute involving discriminatory statements, actions or attitudes may be brought before the diversity correspondent;
- present to the Group Committee an assessment relating to the implementation of the agreement within the entities, experiments conducted, as well as good practices identified in the various companies of the Group.

In 2015, the Diversity correspondents met in order to share their best practices: The Annual Meeting addressed the following points:

- group news;
- legal and social watch;
- group assessments on interns, employees with disabilities, seniors;
- exchanges on employees helping family members;
- presentation on the 2015 disability week.

Since 2009, pursuant to the agreement relating to Diversity and Equal Opportunities, the Group HRD has established training actions on topics relating to diversity.

The diversity issue has been incorporated into all management training. There is also training for "supporting a personal with disabilities".

The companies have also developed training actions complementing these actions or adapted to their specific needs.

MEASURES TAKEN TO PROMOTE GENDER EQUALITY

With 54% women on permanent contracts within the consolidated scope in France as at 31 December 2015 (identical to 2014) and 58% abroad, the Groupama group considers gender equality to be a true asset for the Group. Pursuant to the aforementioned group agreement of 24 October 2008, the Group reaffirms its ambition to achieve a balanced representation of women and men.

In order to achieve this goal, the companies have established a number of actions succeeding in the following positive developments:

- as at 31 December 2015, women represented within the consolidated scope:
  - 48% of executives in France (no change compared with 2014) and 43% of international executives,
  - 63% of non-executives in France (no change compared with 2014) and 61% of international non-executives,
  - 27% of management executives in France (no change compared with 2014) and 27% of international management executives;
- as at 31 December 2015, within the consolidated scope, they represented:
  - 33%[1] of the staff of the "commercial" business lines in France (unchanged from 2014) and 63% abroad,
  - 59% of the staff within other families in France (unchanged from 2014) and 54% abroad.

	2014	2015	2015 scope (%)
Proportion of women by status:			
■ executives	48% in France	48% in France	100
	42% international	43% international	
■ non-executives	63% in France	63% in France	
	62% international	61% international	
■ management executives	27% in France	27% in France	
	25% international	27% international	
Proportion of women by business line family:			
■ "commercial"	33% [1] in France	33% in France	100
	63% international	63% international	
■ other families	59% in France	59% in France	
	54% international	54% international	

MEASURES TAKEN TO PROMOTE EMPLOYMENT AND INCLUDE PERSONS WITH DISABILITIES

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

- regularly communicates about disabilities internally with all employees through items posted online on the Kiosque [2] (articles, interviews, brochures, films, etc.) and externally (through guides, directories, press articles, participation in conferences, exhibitions and forums, intended for professionals or the general public);
- annually renews its partnership with ADAPT, the association behind the week for employment of persons with disabilities (SEPH), in which the Group has participated for several years;

(1) The 2014 value for the percentage of women on permanent contracts of the "commercial" business lines was incorrect. The corrected value is provided here.
(2) Group intranet.

- continues its partnership with the AGEFIPH for the purpose of promoting professional inclusion of people with disabilities within the companies.

In 2014, the Group (consolidated scope for France) reached an average employment rate of 3.35% [(1)] (versus 3.46% in 2013 [(2)]).

Out of the entire workforce of the consolidated scope at 31 December 2015, 426 employees (+23 [(2)] compared with 2014) had disabilities, including 300 in France (+17 [(2)] compared with 2014).

	2014	2015	2015 scope (%)
Number of employees with disabilities	403 [(2)]	426	100
■ of which in France	283 [(2)]	300	

RETENTION OF EMPLOYMENT OF SENIOR WORKERS

In 2015, the Group's companies continued their commitments with regard to keeping seniors employed by taking the following actions:

- anticipate professional developments in relation to the management of ages by maintaining an equivalent number of seniors: designation of liaisons/mentors among senior employees;
- organise intergenerational cooperation: creation of exchange pairs between seniors and younger people of the Company;
- develop skills and qualifications of seniors: training, second part of career interview;
- set up end-of-career strategies and transition between working and retirement: retirement preparation training.

The purpose of these commitments is to motivate employees throughout their professional life, be clear on the Company's key skills, and improve their working conditions.

In a context of longer working lives, the Groupama group encourages motivation in the second part of its employees' careers and promotes a non-discriminatory age management policy.

The consolidated scope accounts for 32% of senior workers age 50 or more within its staff as at 31 December 2015 (+1 point compared with 2014) including:

- 56% are non-Managers (-2 points compared with 2014);
- 41% are Managers (+2 points compared with 2014);
- 3% are Senior Managers/Directors (stable compared with 2014).

Among this same population:

- 31% are employed in a sales business line (-1 point compared with 2014);
- 69% work in an activity in other business lines (+1 point compared with 2014).

	2014	2015	2015 scope (%)
Proportion of seniors by status:			100
■ non-executives	58%	56%	
■ executives	39%	41%	
■ management executives	3%	3%	
Proportion of seniors by business line family:			100
■ "commercial"	32%	31%	
■ other families	68%	69%	

Promotion of and compliance with the terms of the ILO fundamental conventions

The Groupama group reiterates its commitment to respect the stipulations of the International Labour Organisation (ILO) fundamental conventions in its ethics charter, deployed in all of its companies and brought to the knowledge of all of its employees. The ethics charter also recalls that the Group fully adheres to the recommendations or commitments made by the Universal Declaration of Human Rights and the European Convention of Human Rights, the guiding principles of the OECD, and the ten principles of the Global Compact.

Group ethics charter

The Groupama group's ethics charter was presented in 2008 to the Steering Committee, the Group Executive Committee, and the Board of Directors of Groupama SA, the parent holding company of the Group. It was appended to the Internal Regulations of the Group's companies in accordance with the procedures for informing and consulting the employee representative bodies (Group Committee and European Works Council, WHSC, Works Council, labour inspectors, registries of labour tribunals, and posting). Lastly, it was distributed in 2009-2010 to all employees (electronically and posted on the Group's intranet) as well as to the multi-line agents of Gan Assurances, the representatives of Gan Patrimoine, and the secretaries/representatives of the regional mutuals.

(1) Mandatory declaration of employment of workers with disabilities over fiscal year 2014.

(2) The 2014 values for the number of employees with disabilities were incorrect. The corrected values are provided here.

The main objective of the ethics charter is to unite and mobilise employees around its values of proximity, commitment, performance, and solidarity. It defines the Group's commitments in terms of ethics, such as:

- acting in respect of the confidence given to us by our members and customers;
- promoting the development of individual and collective talents of employees;
- affirming our mission as a socially responsible, community-oriented player.

These commitments are set forth in rules of conduct to be adopted by employees. In particular, they are required to show proof of integrity and loyalty in carrying out their duties, both inside and outside their company when they represent it, and are prohibited from any act of active or passive corruption. The ethics charter also defines the responsibilities of the ethics committee, made up of the Group's senior executives, which meets twice per year (in 2015, on 26 March and 18 November). The ethics charter was revised and presented to the Ethics Committee in 2014 in order to take into account changes in the Group and its environment since 2008. In this text, the parts addressing the following were reinforced in particular:

- values;
- the duty to advise and the protection of data;
- the fight against corruption and fraud;
- the freedom of expression of employees subject to the preservation of the Group's neutrality, including on social networks;
- the transformation of the role of the Committee, which may rule on any CSR-related subject as well as on ethics.

The new version of the charter will be the communicating to all group employees in early 2016 following an internal process of validations, information, and consultations that took place in 2015.

Group Opinion Poll

The Group Opinion Poll (BOG) is an action organised every two years, in collaboration with research company Ipsos. The 4th edition of the Groupama group Opinion Poll (combined scope including the regional mutuals) took place in 2014, and the next edition will take place in spring 2016. The Group Opinion Poll consists in collecting the opinion of group employees on permanent contracts *via* an electronic questionnaire guaranteeing anonymity and complete confidentiality of responses. In 2014, more than 21,500 of the Group's staff, or 75%, responded to the survey.

Reminder of the main results in 2014:

- the level of engagement of the Group's employees is 71%, up 6 points compared with 2012;
- quality of life at work, with a score of 6.4/10 at the Group level, remains at a good level, up 0.1 points compared with 2012;
- in terms of professional development, the perceptions remain very close to those observed during the previous editions. Employees are moderately satisfied with the training opportunities offered – at the same level as the benchmark for France – and not too satisfied with their career development prospects.

On the basis of the analysis of these results, the HR teams of the Group and the companies highlighted areas for community actions.

The results of the 2016 Group Opinion Survey will assess the impact of these actions.

(d) Environmental actions

Aware of its responsibility in terms of indirect impacts, the Groupama group has developed incentives with regard to the environment with its customers and suppliers for several years, through its insurance offerings, its prevention and awareness actions, its SRI products, and its purchase contracts. Furthermore, we are convinced that we can also improve our direct impacts particularly by reducing our CO_2 emissions, our paper consumption, etc. We are therefore continuing our efforts to achieve the goals that we have set in this area.

General environmental policy

By virtue of our service businesses (insurance and banking), the Groupama group's direct impacts on the environment are limited: our businesses do not constitute threats to biodiversity, water or soil use. However, we have developed a policy to reduce our consumption (paper, water, energy) and our CO_2 emissions, managed at the Group level by the CSR, Employer Branding and Internal Communication Department, in collaboration with Groupama Supports & Services (G2S). In addition to these in-house commitments and informing employees, the Groupama group is aware of the role it can play in raising awareness about the protection of the environment, among its various stakeholders and particularly among its customers (see in 2.1, offers with environmental and prevention aspect).

With regard to insurance, the prevention of environmental risks is thus fully integrated into the process for analysing and underwriting risks of professionals (including in agriculture), companies, and local authorities in order to help avoid or reduce the consequences of impacts of claims. For example, in the agricultural multi-risk offer, a score (on the prevention of risks of environmental harm and fire) has been put in place to recognise the efforts made in these areas and permits a reduction/discount of the insurance premium (such as the presence of a retention basin on hydrocarbon tanks or firefighting equipment, for the risk of heat pollution).

With regard to property assets, in anticipation of the 2015 Energy Transition Act, Groupama Immobilier (a subsidiary of Groupama SA that manages for its principals an asset base valued at €3.7 billion) signed the charter for energy efficiency of commercial buildings in 2014.

In addition, Groupama Immobilier initiated two actions:

- development of a green works charter with 15 points of awareness (in particular, regulation, energy saving, environment, materials, worksites, etc.);
- establishment of an energy mapping of commercial buildings consuming the most energy.

The green works charter has a dual objective:

- raise awareness among service providers listed with Groupama Immobilier on the importance of the impact of works on the environment;
- implement an environmental policy in keeping with the Grenelle 1 law.

Implementation is addressed within the framework of renovation worksites by all AMO HQE or BREEAM service providers, project Manager, technical studies firms, companies, etc.

As much as possible, HQE (High Environmental Quality) and BREEAM initiatives always sought for acquisitions and/or new construction or restructuring as well as "operating" HQE or BREEAM for all properties in the portfolio.

In corporate real estate, all new signed leases are "green", *i.e.*, each Party commits to an action programme regarding consumption (energy and water). Within this framework, energy diagnostics and periodic meetings, called "green committees", have begun to be initiated with tenants. In addition, in 2015, Groupama Immobilier developed new tools and approaches to disseminate and share responsible attitudes (green booklet, welcome booklet, etc.).

Groupama Sigorta and Emeklilik (Turkey) also adopt this approach. In Turkey, Groupama is the first insurance company with the "Guarantee of Origin" green energy certificate, a European instrument of traceability of electricity, for its own consumption. The subsidiary occupies a building certified LEED Gold (Leadership in Energy and Environmental Design) issued by the US Green Building Council.

In addition, our Datacenter IT centres in Bourges and Mordelles monitor the good practices of the Green Grid, and a majority of our companies have carried out their BEGES (greenhouse gas emissions assessments).

Regarding protection of the environment, our employees are regularly informed of environmental issues, particularly through the Sustainable Development Week – now European – no the existence of a manual of environmentally friendly actions in the office and the distribution of an Eco Pass Responsible Events charter allowing internal communicators to organise their events with the greatest respect for the environment. One-off actions supplement these recommendations, such as campaigns to raise awareness of eco-driving or the establishment of car-pooling in certain entities.

Because of its service businesses, with environmental impacts limited and reduced to low-pollution consumption (paper, electricity, etc.), the Groupama group has no financial provision for environmental risk. In addition, the activity does not generate noise, and water is not consumed in water stress areas.

Sustainable use of resources

PAPER CONSUMPTION

Total paper consumption (office paper, marketing and technical documents and mass publishing) amounted to 1,850.1 tonnes, *i.e.*, 128.5 kg per full-time equivalent (FTE). In total and per FTE, it therefore decreased approximately 6% compared with 2014.

In 2015, office paper consumption amounted to 547.12 tonnes, 77.1% of which was certified. It therefore decreased by 5% in relation to 2014 per FTE.

For marketing and technical materials, consumption reached 979.4 tonnes in 2015. There was a decrease in the use of marketing and technical documents of 7.3% per FTE.

The reduction of office paper consumption is explained by the Group's desire to decrease workstation printing, the most expensive, as much as possible, which is reflected in part by the increase in the use of marketing and technical materials.

The consumption of mass publishing reached 323.6 tonnes in 2015. It therefore decreased 6.7% per FTE.

In order to reduce overall paper consumption, a project to streamline printers and copiers is underway for the member companies (excluding regional mutuals) of G2S, and the Group is continuing its work to promote electronic exchanges with its customers (customer areas clients on the Web, collection/sending of emails, electronic document management – the EDM programme, initiated in 2009, continued in 2015) in order to sustainably reduce physical sending of documents and the corresponding carbon emissions. A "zero inventory" system has been established for certain documents: only the quantities ordered by the entities are printed.

Details of the different types of paper consumption

	2014	2015	2015 scope *(%)*
Consumption of office paper *(tonnes)*	563.03	547.12	99.65
Consumption of office paper per person (kg/FTE)	*37.54*	*36.46*	
Consumption of marketing and technical documents *(tonnes)*	1067.44	979.43	98.54
Consumption of marketing and technical documents per person (kg/FTE)	*71.21*	*66*	
Consumption of mass publishing *(tonnes)*	333.05	323.58	82.53
Consumption of mass publishing per person (kg/FTE)	*27.91*	*26.04*	

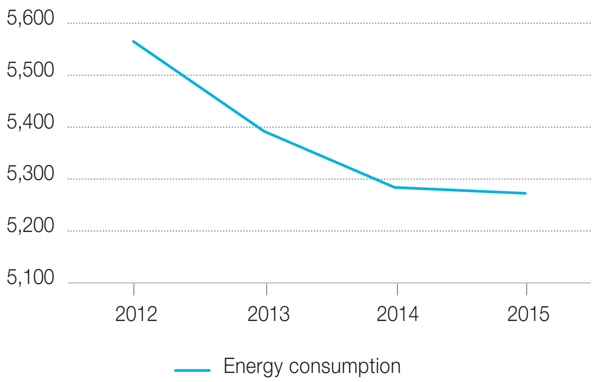
WATER CONSUMPTION

The Groupama group's business activities do not require water outside of the everyday consumption of its office buildings. In this context, "water prevention" campaigns intended to reduce consumption are regularly conducted with the entities' employees. In 2015, the Group consumed 112,913 m^3 of water, or 8.6 m^3 per FTE (+11.2% compared with 2014).

ENERGY CONSUMPTION

In 2015, the Group's energy consumption (electricity, gas, fuel oil, heat and chilled water) amounted to 78,223,748 kWh, *i.e.*, 5,272.6 kWh per FTE. Total energy consumption was down slightly, by -1%, in 2015/2014, taking the companies Mastercover and Carole Nash into account this year. Total energy consumption relative to FTE decreased by 0.5%, which reflects good control of the consumption of resources.

CHANGE IN OVERALL ENERGY CONSUMPTION SINCE 2012 (KWH/FTE)



For several years, the Groupama group has implemented many measures to reduce its consumption levels, including establishing free cooling in the Mordelles Datacenter, decreasing the temperature set points in offices and systematically turning off office lights outside of hours of occupation for most of the buildings managed by G2S.

In addition, by virtue of its service businesses (insurance and banking), the Group is not affected by the issue of soil use.

Details of the different consumptions

	2014	**2015**	**2015 scope** *(%)*
Water consumption *(m³)*	104,581.21	112,913	87.53
Water consumption per person (m³/FTE)	*7.70*	*8.57*	
Total energy consumption *(kWh)*	**78,696,378.94**	**78,223,748**	
Total energy consumption per person *(kWh/FTE)*	***5,299.22***	***5,272.58***	
Electricity consumption *(kWh)*	57,610,647	56,355,654	98.19
Electricity consumption per person (kWh/FTE)	*3,894.31*	*3,811.22*	
Gas consumption *(kWh)*	13,193,798	13,394,554	99.37
Gas consumption per person (kWh/FTE)	*878.58*	*895.11*	
Fuel oil consumption *(kWh)*	203,171	162,962	99.37
Fuel oil consumption per person (kWh/FTE)	*20.65*	*10.89*	
Heat consumption *(kWh)*	4,202,361.94	4,631,169.00	99.37
Heat consumption per person (kWh/FTE)	*278.97*	*309.48*	
Chilled water consumption *(kWh)*	3,486,401	3,679,409	99.37
Chilled water consumption per person (kWh/FTE)	*226.71*	*245.88*	

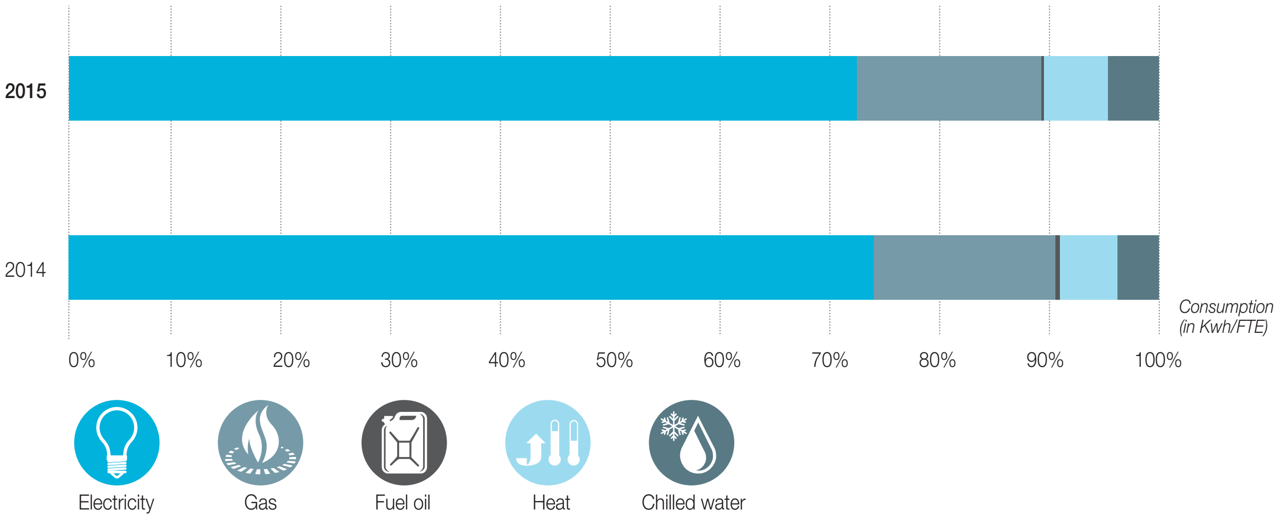
The consumption of fuel oil per FTE decreased by 47% between 2014 and 2015, in particular due to relocation of staff to buildings that do not use fuel oil as well as renovations done in buildings using other types of energy such as electricity or gas. These changes occurred, for example, at Groupama Phoenix in Greece and Gan Assurances with a respective decrease of 100% and 20% in their fuel oil consumption compared with 2014.

The change in the energy resource at some sites may be a factor to explain the increase in gas consumption per FTE (+1.9%). This change is also due to the recognition of an additional gas-consuming site for Gan Prévoyance this year.

The increase in heat consumption can be explained by a harsher winter 2015 than in 2014, as reflected in the heat consumption graphs of the buildings managed by G2S. Conversely, the scorching summer 2015 can explain the increase in the consumption of chilled water per FTE (+8.5%); this increase occurred almost exclusively in the Paris buildings.

The numerous measures implemented by the Groupama group to reduce its electricity consumption resulted in a decline per FTE of 2.13% in this energy consumption between 2014 and 2015.

CHANGE AND COMPOSITION OF ENERGY CONSUMPTION



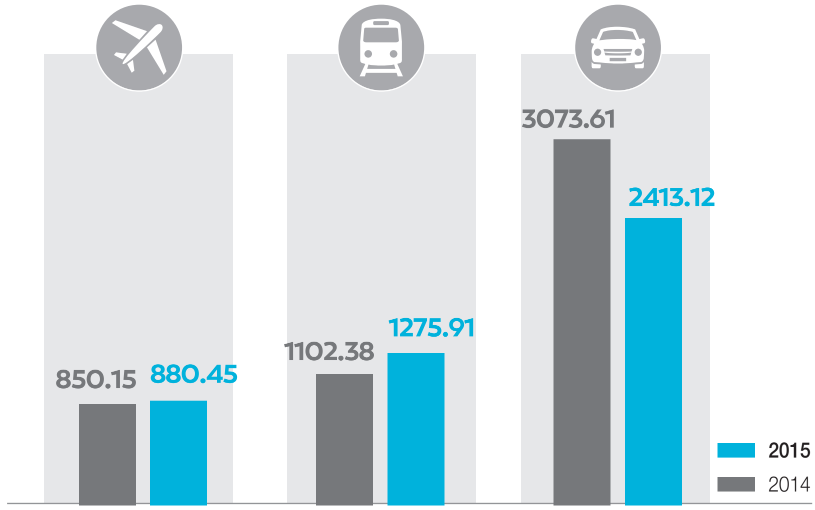
Climate change

As part of its CSR strategy, the Groupama group wishes to reduce its CO_2 emissions. The levers considered to achieve this end pertain to energy consumption, business travel (including the fleet purchasing policy), and paper consumption. A group inter-company working group, put in place at the end of 2013, steers this objective and is responsible for encouraging community actions, particularly through the sharing of best practices and together with the Logistics working group. In continuation of the work in 2014, the working group performed the following work in 2015: exchanges on the performance of energy audits in 2015-2016, presentation of carpooling solutions and a regional CO_2 savings account project, discussions on levers to improve the impact on the environment of the Group's vehicle fleet, integration into the future CSR strategy (2016-2018) of issues related to emissions – particularly in the context of the Energy Transition Act.

Detail of the various types of business trips

	2014	2015	2015 scope *(%)*
Business travel by plane *(in km)*	12,628,074.1	13,212,712.1	99.65
Business travel by plane per FTE (in km/FTE)	*850.15*	*880.45*	
Business travel by train *(in km)*	16,525,611	19,147,348.3	99.65
Business travel by train per FTE (in km/FTE)	*1,102.38*	*1,275.91*	
Business travel by car (in km)	46,074,817	36,118,778	99.65
Business travel by car per FTE (in km/FTE)	*3,073.61*	*2,413.12*	
Total business travel by train, plane and car	**75,228,502.1**	**68,478,838.4**	
Total business travel by train, plane and car per FTE	***5,026.14***	***4,569.48***	

CHANGE IN BUSINESS TRAVEL PER FTE BETWEEN 2014 AND 2015



The Group (consolidated scope) saw a 9.1% decrease in the number of kilometres travelled per FTE during business travel between 2014 and 2015.

For reasons of security, costs, and reducing its environmental footprint, the Groupama group regularly encourages its employees to travel less when possible, raises their awareness on the use of video conferencing to reduce travel, and encourages them to give preference to business travel by train (and plane) rather than by car. This global policy shows a significant decrease in travel by car in favour of travel by train mostly (in 2015/2014, per FTE: train +15.7%; aircraft +3.6%; cars -21.5%). The efforts made as part of the "CO_2 emissions reduction" working group are intended to encourage these changes.

With regard to fleets, they are renewed every two years and therefore contain the models with the least fuel consumption and lower amount of emissions. A few electric vehicles were introduced on an experimental basis into the fleets of certain companies of the Group. The introduction of petrol models and the use of on-board telematics are under consideration.

In 2015, CO_2 emissions totalled the equivalent of 17,479.13 tonnes of CO_2, or the equivalent of 1,177 tonnes of CO_2 per FTE (details according to the three scopes of the GHG Protocol in the tables below).

CO_2 emissions for the 2015 reporting period according to the three scopes defined by the GHG Protocol and according to the operational control consolidation method

Direct emissions – Scope 1 ($TeqCO_2$)	2014	2015	2015 scope (%)
Direct CO_2 emissions related to gas boilers	2,440.85	2,477.99	99.37
Direct CO_2 emissions related to gas boilers per FTE	*0.1631*	*0.1655*	
Direct CO_2 emissions related to fuel oil boilers	77.34	43.35	99.37
Direct CO_2 emissions related to fuel oil boilers per FTE	*0.0050*	*0.0028*	
Direct CO_2 emissions related to business travel in owned land vehicles	1,214.95	1,097.14	96.43
Direct CO_2 emissions related to business travel in owned land vehicles per FTE	*0.0810*	*0.0755*	
Total direct GHG_01 emissions	**3,733.14**	**3,618.47**	
Total direct GHG_01 emissions per FTE	***0.2492***	***0.2440***	

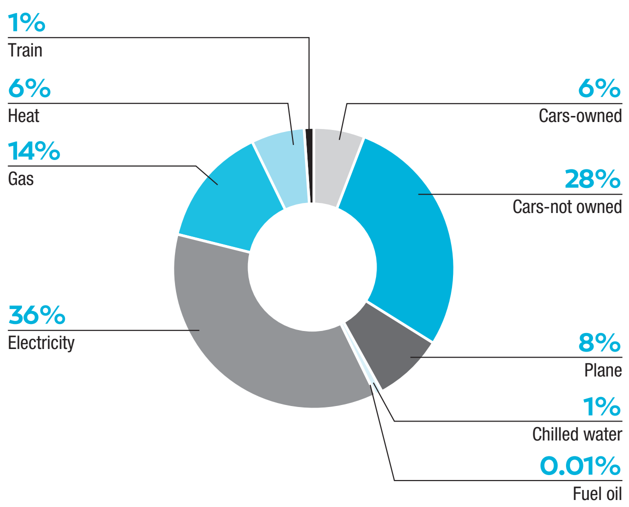
Indirect emissions – Scope 2 ($TeqCO_2$)	2014	2015	2015 scope (%)
Direct CO_2 emissions related to electricity consumption	8,568.56	6,258.93	98.19
Direct CO_2 emissions related to electricity consumption per FTE	*0.5792*	*0.4251*	
Direct CO_2 emissions related to heat consumption	938.38	1,034.14	99.37
Direct CO_2 emissions related to heat consumption per FTE	*0.0614*	*0.0691*	
Direct CO_2 emissions related to chilled water consumption	126.55	122.52	99.37
Direct CO_2 emissions related to chilled water consumption per FTE	*0.008*	*0.00818*	
Total indirect GHG_02 emissions	**9,633.33**	**7,415.59**	
Total indirect GHG_02 emissions per FTE	***0.6488***	***0.5023***	

Other emissions – Scope 3 ($TeqCO_2$)	2014	2015	2015 scope (%)
Direct CO_2 emissions related to business travel in non-owned land vehicles	6,592.02	4,895.92	99.36
Direct CO_2 emissions related to business travel in non-owned land vehicles per FTE	*0.4397*	*0.3271*	
Direct CO_2 emissions related to business air travel	1,603.80	1,413.76	99.65
Direct CO_2 emissions related to business air travel per FTE	*0.1070*	*0.0942*	
Direct CO_2 emissions related to business train travel	122.55	135.41	99.65
Direct CO_2 emissions related to business train travel per FTE	*0.0081*	*0.00902*	
Total indirect GHG_03 emissions	**8,318.37**	**6,445.07**	
Total indirect GHG_03 emissions per FTE	***0.5548***	***0.4304***	

Total CO_2 emissions per FTE decrease 19% between 2014 and 2015.

CO_2 emissions decreased between 2014 and 2015 for the following reasons: decline in emissions related to the fuel oil consumption (-44%); electricity consumption (-26,6%) [1]; business travel in non-owned cars (-25.6%) [1]; and business travel by owned cars (-6.7%) [1].

SOURCE OF CO_2 EMISSIONS PER FTE IN 2015



Pollution and waste management

The Groupama group's service business activities do not directly generate waste or pollution other than office waste. However, we wish to make progress in the recycling of such waste, particularly through selective sorting, already effective in several entities of the Group. For example, this year, Gan Assurances renegotiated its cleaning contracts so that "selective sorting" could be included, as long as the communal/intermunicipal collection system distinguishes the different categories of waste. In addition, Amaline Insurance, Groupama Asset Management, and Groupama Banque, among other companies of the Group, put in place recovery of recyclable waste such as caps, batteries, light bulbs, and printer toner cartridges.

Protection of biodiversity

The Group is one of the leading private owners of forests and the leading insurer of forests in France. These forest assets, consisting of more than 20,000 hectares, represent one of France's largest "green belts".

In the last 15 years, 10 million trees have been replanted, or approximately 700,000 plants per year, corresponding to a reforestation of nearly 5,000 hectares. More than three-quarters of the reforestation involves areas affected by the Lothar and Martin storms of 1999 – which have been replanted in full – and those affected by the Klaus storm of 2009 – which have been partially replanted with a finalisation date scheduled for 2016.

All forests managed by Groupama Immobilier (28 forest areas) are PEFC-certified (certification guaranteeing sustainable management

(1) The decrease in emissions related to electricity is mostly due to the update of the emission factor in 2015 via the ADEME base (86% of the decrease).

(2) The decrease in emissions related to cars is partially due to the update of the associated emissions factor via the Ademe basis (5.3% of the decrease for the not-owned cars and 16.8% for the owned cars).

of wood resources in forests). This certification defines strict rules for operating projects within the framework of sustainable forest management. In particular, these rules aim to exploit forests while respecting the soil, water, fauna, and flora.

The Groupama group is a pioneer in assessing forest carbon storage. In 2015, a study (1) demonstrated for the first time that the forests of Société Forestière Groupama (SFG) played a role of carbon sinks in 2014. They contributed to the reduction of France's net CO_2 emissions (see data below). These carbon amounts have stored in SFG's forests or have been avoided through the use of wood products from its forests.

1st study conducted in 2015; 2014 data

SFG forest carbon stock: 10 million t of CO_2 on 20,107 ha

Annual increase in CO_2 stored (balance between planting and cutting): 334,409 t of CO_2

CO_2 emissions avoided: 39,240 t of CO_2 avoided by the use of sold wood

To be compared with:

450 teqCO_2 produced by forestry operations (logging sites)

22 KteqCO_2 emitted by the Group in 2014 (consolidated scope)

More broadly, our policies contribute directly to the protection of biodiversity with the reduction of paper consumption and CO_2 emissions.

(e) Relations with stakeholders

Subcontractors and suppliers

The Groupama group has very limited recourse to subcontracting. Project management, project ownership and Interim purchases represent less than 15% of the Group's total purchases called General Expenses (2).

In application of the 10 principles of the charter of the global compact and the diversity charter, CSR commitments have been integrated into the Group's purchasing policy, including a purchasing ethics charter, which has been incorporated into the Internal Regulations of Groupama SA. It discusses three aspects in particular: consideration of methods of manufacture of materials, the behaviour of suppliers in respect of these methods of manufacture, and the supplier's compliance with the labour law and the rules of the ILO.

The Groupama group has signed the inter-company charter, which particularly favours long-term relationships with SMEs, incorporation of CSR criteria in the choice of suppliers and consideration of the territorial responsibility of a large group.

A guide to eco-responsible purchasing, produced by the Group Purchasing Department, was distributed to all group buyers in order to help them take social and environmental criteria into account in their calls for tenders and purchases: identification of issues and areas for improvement, information about the offering and assessment of present purchases.

In addition, in our calls for tenders, we ask our suppliers, as part of the supplier CSR charter (which will be completely deployed in 2016) or specific contractual clauses, to declare whether they respect the principles of the ILO, the Universal Declaration of Human Rights and the charter of the global compact (working conditions, respect for the environment, ethics), and we encourage them to adopt eco-responsible behaviour (product design, staff training, routing, waste management). A "CSR" clause is inserted into the contracts.

Purchases made by the Group relate mainly to four areas:

- IT and telecommunications;
- intellectual services (strategy consulting, HR consulting, training, marketing, travel, etc.);
- general resources (management of the building overall: construction, service for occupants, etc.);
- insurance purchases.

Other stakeholders

MEMBERS AND CUSTOMERS

On the one hand, membership, the decentralised operating base of the Groupama group's Mutual Insurance Division, allows our 4 million French members to take part in each level of the elective system: Local Mutual, Regional Mutual, Departmental Federation, or National Federation. Thus, 300,000 members participate each year in the General Meetings of our some 3,300 local mutuals, which gives them decision-making power within the mutual company. On the other hand, the four Gan specialised networks have strong territorial anchoring in France, and the Group also has local networks abroad. In addition, Groupama is particularly attentive to its customers, thanks to continuously conducted satisfaction measurements – on claims managements, requests, complaints, etc. – with its private customers, as well as regular detailed satisfaction surveys conducted annually, on a very large number of individuals from all of its customer types. The improvement of customer satisfaction (ASC) is a priority issue for employees. As part of the ASC, Groupama takes into account the expectations of its customers with a personalised follow-up and regular contacts. The NRI (Net Recommendation Index) calculated in 2015 increased by 6 points compared with 2014, and the overall customer satisfaction rate increased from 85% to 88%.

PROFESSIONAL ORGANISATIONS

Regarding dialogue with professional organisations, the Group participates in the CSR working groups of many federations or institutes, in particular: Association Française de l'Assurance (FFSA and since 1 January 2015 GEMA membership), MEDEF, AFEP, and Club Finance de l'Orse. Our subsidiary, Groupama Asset Management, has been a member of UNEP-Fi since 2002 (Asset Management Working Group), is Chair of the Sustainable Finance and Responsible Investment Forum of AFG (French Asset Management Association) and the AFG's Responsible Investment Committee, is General Secretary of the FIR (Responsible Investment Forum), has participated in the FIR/PRI Prize for European Research in "Finance and Sustainable Development" for several years, and is an executive member of EUROSIF.

(1) Conducted on behalf of Société Forestière Groupama by EcoAct and IF Consultants and with the support of Demetz Costaz. 2014 data; the 2015 figures will be available in 1st quarter 2016.

(2) This percentage reflects project management, project ownership and Interim purchases, including all taxes, carried out in 2015 in relation to the Group's total purchases, including all taxes (excluding international subsidiaries).

SCHOOLS

For several years, the Groupama group has maintained partnerships with various actuarial schools and is one of the four founding members of the Risk Foundation, which seeks to encourage and coordinate teaching and research projects in all areas of risk (financial risks, industrial risks, environmental risks, wealth risks or individual health in particular) in close relationship with partner institutions: Polytechnique, Centre d'Études Actuarielles, Université Paris-Dauphine, ENSAE. Groupama is also developing a research partnership with Institut Supérieur d'Agriculture de Beauvais on agricultural risks and has entered into a partnership with CNAM to optimise the contribution of our companies to the development of the territories.

(f) Fair practices

Compliance

The Groupama group has a group Compliance policy, validated by the Board of Directors of Groupama SA, in order to ensure that its practices are consistent with all laws and regulations as well as the standards enacted by the supervisory authorities and professional practices.

Its presents the organisation implemented to achieve this objective and the organising framework of the system for managing risks of non-compliance, *i.e.*:

- the arrangements put in place in agreement with the Group's strategy and in keeping with its risk appetite;
- the roles and responsibilities of key players at the Group and company levels.

The Group Compliance policy applies to all companies of the Groupama group both in France and abroad, respecting the rules of proportionality (nature of activities and associated risk policy, size, workforce, etc.) as provided for in Directive 2009/138/EC, regardless of whether they are subject to Solvency II or to any equivalent legislation/regulation.

The "Compliance Verification" function is independent of operational activities and reports to a member of the Steering Committee who does not carry out any operational function within the entity to which he or she belongs. The function meets the criteria of skills and good character and is the subject of a notification to the ACPR. The function is subject to a whistleblowing duty and reports on these activities to the governance bodies of the Group and the Group's companies as well as to the supervisory authorities.

Given that the risk of non-compliance is a cross-group operational risk, the non-compliance risk control system is one of the essential components of internal control organised within the Groupama group.

Compliance essentially covers the themes pertaining to the Group's core business, *i.e.*, non-life insurance, life insurance, banking, asset management, and real estate governed particularly by the Insurance, Monetary and Financial, Consumer, and Commercial Codes, the General Regulation of the AMF, as well as the regulations from the supervisory authorities to which these activities are subject. More specifically, it covers:

- the protection of customers;
- the fight against money laundering and terrorist financing;
- ethics and professional conduct as well as management of conflicts of interest;
- professional secrecy;
- the particular case of medical data;
- internal fraud.

Since 2013, a compliance plan has been in the process of deployment by the Group CIL team. It incorporates the provisions of the new sectoral reference source, adopted in 2014 by the French data protection authority (CNIL) and the representative organisations of the insurance profession. This new reference source or "compliance pack" is a true tool for steering compliance and regulating the use of personal data in the everyday activity of insurers.

Protection of personal data

In 2007, the Groupama group decided to designate a CIL for the Group whose duties are defined by law, consisting particularly of establishing and maintaining the list of data processing in force within the Group's companies, advising, training, ensuring compliance with the relevant regulations (*a priori*, *a posteriori*), whistleblowing, and managing the rights of individuals. This function maintains relations with the CNIL.

The Group's CIL team fulfils this role and performs these duties for all companies of the Group. The function of Pooled Group CIL is independent by law and reports to the General Secretary, a member of the Steering Committee. The function meets the legal and regulatory requirements governing the conditions for designation of a CIL and has been the subject of a notification to the CNIL. This function is subject to a whistleblowing duty and must report on activities by preparing an "annual activity review" presented to the data controller and held available for the CNIL.

With regard to personal data, compliance control is one of the duties carried out by the Group CIL and his or her teams. The compliance of personal data processing cover not only the above topics pertaining to the Group's core business (non-life insurance, life insurance, banking, asset management, real estate, etc.) but also all other topics as long as personal data are concerned (e.g., human resources, video surveillance devices, service activities, etc.).

Following the publication of a new sectoral reference source, adopted in 2014 by the French data protection authority (CNIL) and the representative organisations of the insurance profession, the CIL has notably undertaken various compliance actions within the companies subject to these provisions. This new reference source or "compliance pack" is a true tool for steering compliance and regulating the use of personal data in the everyday activity of insurers.

In addition to the field covered by this new reference source, the CIL has an ongoing duty to ensure the compliance of all data processing implemented within the Group's companies, regardless of the purpose.

Actions against money laundering and terrorist financing and CIL (Data Protection Correspondent)

As part of this, a network of Managers of anti-money laundering and financing of terrorism (AML/FT) in the entire group has been established. This is coordinated by the Group Legal Department and involves regular meetings and newsletters, monthly reporting and semi-annual updates for the Group's General Management and an annual report to the Board of Directors of Groupama SA on actions taken within the Group.

This structure was enhanced in 2013 by the establishment of a central committee for guidance and monitoring of the fight against money laundering and terrorist financing (AML/CFT) within the Group. This committee is responsible for monitoring and coordinating the actions carried out by the various functions and entities involved in this area. An AML/CFT organisational chart has been distributed to the Group's companies.

The key points of the system include risk mapping, incorporating an evaluation of risks of money laundering and financing of terrorism based on products, operations, customers and modes of distribution; the collection of information about customers and the source of funds depending on the significance of the risks; a tool for automated detection of individuals appearing on lists of terrorists and persons considered to be politically exposed as well as a secure database of suspicion reports; the establishment of a customer relationship profiling tool for banking and life/savings business activities; a system for checking proper application of procedures as well as e-learning training tools on the principles of anti-money laundering and financing of terrorism.

Other

The Groupama group adheres to the Universal Declaration of Human Rights of 1948 and the European Convention on Human Rights and the principles of the International Labour Organisation (ILO) and the guidelines of the OECD for multinational companies.

5.1.14.3 Table of concordance and methodological note

In accordance with the provisions of Article L. 225-102-1 of the Commercial Code, Groupama SA presents in its management report the actions and directions taken by the Company to take into account the social and environmental consequences of its activity and to fulfil its societal commitments regarding sustainable development. The correspondence with the disclosures required by the regulations (mentioned in Article R. 225-105-1 of the Commercial Code) is presented below.

(a) Social information

Employment:	
Total staff and the breakdown of employees by gender, age and geographic area	§ 5.1.14.2 (c)
Hires and redundancies	§ 5.1.14.2 (c)
Remuneration and its changes	§ 5.1.14.2 (c)
Organisation of work:	
Organisation of working time	§ 5.1.14.2 (c)
Absenteeism	§ 5.1.14.2 (c)
Employee relations:	
Organisation of the corporate dialogue; in particular, the procedures for informing and consulting the staff and negotiating with the staff	§ 5.1.14.2 (c)
Assessment of collective agreements	§ 5.1.14.2 (c)
Health and safety:	
Workplace health and safety conditions	§ 5.1.14.2 (c)
Assessment of agreements signed with union organisations or staff representatives regarding workplace health and safety	§ 5.1.14.2 (c)
Workplace accidents, particularly their frequency and severity, as well as occupational illnesses	§ 5.1.14.2 (c)
Training:	
Training policies implemented	§ 5.1.14.2 (c)
Total number of training hours	§ 5.1.14.2 (c)
Diversity and equal opportunity/equal treatment	
Policy implemented and measures taken to promote gender equality	§ 5.1.14.2 (c)
Policy implemented and measures taken to promote employment and inclusion of persons with disabilities	§ 5.1.14.2 (c)
Policy implemented and measures taken to fight discrimination	§ 5.1.14.2 (c)
Promotion of and compliance with the terms of the ILO fundamental conventions related to:	
Respect for the freedom of association and the right to collective bargaining	§ 5.1.14.2 (c)
Elimination of discrimination in employment and professions	§ 5.1.14.2 (c)
Elimination of forced or compulsory labour	§ 5.1.14.2 (c)
Effective abolition of child labour	§ 5.1.14.2 (c)

(b) Environmental information

General environmental policy:	
The Company's organisation to take into account environmental issues and, where appropriate, the approaches for evaluation or certification in environmental matters	§ 5.1.14.2 (d)
Actions taken to train and inform employees about protection of the environment	§ 5.1.14.2 (d)
Resources devoted to the prevention of environmental risks and pollution	§ 5.1.14.2 (d)
Amount of reserves and coverage for environmental risks, provided that this information is not likely to cause serious harm to the Company in a current dispute	§ 5.1.14.2 (d)
Pollution and waste management:	
Measures to prevent, reduce or repair of releases into the air, water and soil seriously affecting the environment	§ 5.1.14.2 (d)
Measures to prevent, recycle and eliminate waste	§ 5.1.14.2 (d)
Consideration of noise and any other form of pollution specific to an activity	§ 5.1.14.2 (d)
Sustainable use of resources:	
Water consumption and water supply based on local constraints	§ 5.1.14.2 (d)
Consumption of raw materials and measures taken to improve efficiency in their use	§ 5.1.14.2 (d)
Energy consumption, measures taken to improve energy efficiency and use of renewable energies	§ 5.1.14.2 (d)
Use of soil	§ 5.1.14.2 (d)
Climate change:	
Releases of greenhouse gases	§ 5.1.14.2 (d)
Adapting to the impact of climate change	§ 5.1.14.2 (d)
Protection of biodiversity:	
Measures taken to develop biodiversity	§ 5.1.14.2 (d)

(c) Societal information

Territorial, economic and social impact of the Company's business:	
Jobs and regional development	§ 5.1.14.2 (b)
Surrounding and local authorities	§ 5.1.14.2 (b)
Relations with persons or organisations concerned by the Company's activities:	
Conditions for dialogue with these persons or organisations	§ 5.1.14.2 (b) § 5.1.14.2 (f)
Partnerships and corporate sponsorship	§ 5.1.14.2 (b)
Subcontractors and suppliers:	
Incorporation of CSR criteria into the Company's purchasing policy	§ 5.1.14.2 (e)
Importance of outsourcing and incorporation of CSR criteria into relations with suppliers and subcontractors	§ 5.1.14.2 (e)
Fair practices:	
Human rights initiatives	§ 5.1.14.2 (f)
Measures taken for consumer health and safety	§ 5.1.14.2 (a)
Other human rights initiatives:	
Human rights initiatives	§ 5.1.14.2 (f)

(d) Methodological note

This note is intended to provide a reminder of Groupama's CSR reporting methodology and to clarify certain points about the scope taken into account and the calculations made on certain indicators.

Data collection

COLLECTION PROCESS

The information published in the management report of the registration document of Groupama SA is collected thanks to the contributions of the Group's network of reporting correspondents.

Most of the environmental and societal data are reported by the entities concerned through SCOOP, a solution offered by Enablon and fully dedicated to the CSR reporting within the Group. The list of employees to the reporting is updated each year before the beginning of the reporting campaign, and training on the use of SCOOP and the reporting process in general is offered by the CSR, Employer Branding and Internal Communication Department to employees where appropriate.

Certain environmental and societal data, by virtue of their specificity (when they relate to only one entity of the Group for example) or for practical reasons (difficulty of access to the tool, compliance with deadlines), are collected directly by the CSR, Employer Branding and Internal Communication Department from the correspondents or departments concerned.

Regarding social information, for 46% of the indicators and 98% of the workforce in France, the information is retrieved from the SIPGRH (Group human resources information and management system), populated by each of the corporate information systems.

Templates in Excel format sent by mail are also used in the following cases:

- french companies for which there is no monthly interface between their IS and the SIPGRH;
- international companies;
- french companies taken into account in the SIPGRH but for which certain data or populations (disabilities, representatives/multi-line agents, temporary employees, etc.) are not presented in the infocentre: the corresponding indicators are also requested from companies through an Excel template – indicators not available in the SIPGRH (theoretical work time, overtime, temporary employees, payroll, training, workplace accidents, occupational illnesses, disabled employees).

The CSR data collection process is improved each year, particularly by reinforcing the degree of precision required from employees upstream (specify the method of estimation or extrapolation used if such is the case, sending of attachments – invoices, meter readings, information received by service providers or suppliers in particular – supporting the reported results) and by refining the criteria for whether values are taken into account during the consolidation downstream (see paragraph "Data Consolidation and Publication"), which improves the reliability of the published data.

On the other hand, improvements have been made on the basis of recommendations prepared by the statutory auditors:

- overhaul of the environmental and societal reference sources in order to clarify the calculation methods;
- philanthropy: definitions have been clarified by separating employee donations and amounts allocated by the Company.

In the same way, the social data collection process changes each year: as soon as possible, the information sent by French companies of the SIPGRH scope have been compared with the information obtained through the infocentre and, to the extent that little discrepancies were identified, it was decided to retain the information of the SIPGRH and to no longer use the collection tool ORCCI-D. In addition, indicators relating to professional training were determined centrally by the University sector for companies in the management scope of the community training tool CAPEDIA and by Excel templates for other companies.

REFERENCE SOURCE AND DEFINITIONS OF INDICATORS

The indicators collected and published in the CSR section of the Management report were developed in accordance with Article R. 225-105-1 of the Commercial Code and consistent with the guidelines of Groupama's CSR strategy.

The list of collected environmental indicators as well as the methods for calculating these indicators and the rules for collection are defined in a group Reporting Reference Source in force since 2010 and updated each year. The methods for calculating CO_2 emissions are also defined in this Reference Source and carried out subsequently by the CSR, Employer Branding and Internal Communication Department.

The collection of societal and social indicators is based on a glossary of definitions updated for each reporting period and made available to employees before each new reporting campaign.

REPORTING PERIOD

The reporting period was determined in order to be able to meet the deadlines for verification and publication of the disclosures required by Article R. 225-105-1 of the Commercial Code.

As such, since 2012, the societal and environmental indicators have been collected by rolling year, from 1 November N-1 to 31 October N, *i.e.* from 1 November 2014 to 31 October 2015 in the present case. When it is impossible to obtain a data in advance for this period, an extrapolation by proportion or an estimate (according to the methods defined by the Reporting Reference Source or consistent with the values of previous years) may be performed, and the method used is specified by the employees.

As regards social information, it is collected over a calendar year, *i.e.* from 1 January 2015 to 31 December 2015 in this case. Information related to absenteeism is reported on a rolling-year basis from December 2014 to November 2015.

Reporting Scope

The 28 entities that are part of the reporting scope published in the CSR section of the Management Report are those integrated and consolidated in the Financial Reporting of Groupama SA's registration document (see list in the Appendix).

The published environmental and societal information relate to 26 entities detailed in the Appendix (or 99.6% of FTEs as at 31.10.2015). For the two entities where information has not been collected, the following rules have been applied:

- for the following indicators, it has been assumed that they were applicable but not available for these companies, and they have therefore been excluded from the scope of these indicators: consumption of water, electricity and paper, business travel by plane, train and car;
- for the other indicators, it has been considered that they were not applicable for these companies, which have therefore been included in the scope, the value assigned to these indicators being zero: consumption of gas, fuel oil, heat, and chilled water, prevention, philanthropy.

These same rules have been applied in the calculation of CO_2 emissions.

The social information pertains to the 28 entities on the list in the Appendix.

Policy of exclusion from the consolidated scope

Companies accounted for under the equity method in the accounting results are not taken into account in terms of social and environmental indicators, and Groupama AVIC Property Insurances Company, the Groupama group's subsidiary in China, was removed from the non-financial reporting scope in 2013 for a better balance between the consolidated financial and non-financial scope.

The distinction between consolidated scope and combined scope (including all group subsidiaries in France and abroad as well as the regional mutuals) during the environmental and societal data consolidation phase was made by the CSR, Employer Branding and Internal Communication Department on the basis of reports generated by the SCOOP tool. The SCOOP tool makes it possible to collect data for the combined scope, which are then published in the annual report.

The corporate data reported by the SIPGRH or the Excel templates are pooled, distinguished between consolidated scope and combined scope, and then consolidated by the Group Human Resources Department (DRHG) at the end of the information collection campaign. The indicator concerning absenteeism does not take into account Pacifique (127 people) or other real estate subsidiaries (40 people); absenteeism is therefore calculated on (15402-127-40)/15402, *i.e.*, 99% of the workforce of the consolidated scope.

Consolidation and publication of data

CONSOLIDATION PROCESS

All environmental and societal data reported by the employees are consolidated by the CSR, Employer Branding and Internal Communication Department. The consolidation is preceded by a validation for each indicator and for each entity through the following checks:

- when the zero value is entered for an indicator, the CSR, Employer Branding and Internal Communication Department asks the employees concerned to specify whether this is due to the fact that the indicator is not applicable to their entity (in this case, the entity is included in the consolidation of this indicator) or because the information is not available (in which case, the entity is excluded from the consolidation of this indicator);
- comparison of N and N-1 data: when an entity reports a value fluctuating by +/-20% compared with the figure reported in 2013/2014, the employee concerned is alerted by the CSR, Employer Branding and Internal Communication Department, and the figure is confirmed only if the difference can be justified, with the help of supporting documents if necessary;
- other consistency tests: in the event that there is no information about an indicator's significant difference in relation to 2014, the indicator's ratio per FTE for the entity concerned is compared with the average ratio per FTE for the same indicator, and the weight of this entity in the consolidated scope for this indicator is considered – if the entity represents an significant share of the scope or if its ratio per FTE for the indicator concerned seems abnormal, validation of the unsupported data is not possible.

Concerning the quality of social data, checks are made by the SIPGRH Project Owner of the HRD group each month at the time of the loadings. Functional tests are also carried out to ensure the consistency of the results relating to staff and staff movements (headcounts for month N = headcounts for N-1 – departures for the month + entries for the month).

In addition, comparisons are made over time between the work carried out by the companies and the work of the Group Human Resources Department (DRHG) on the basis of the social reports, particularly that group together a number of significant indicators.

And, at the time of completion of the work specific to CSR, the data for year N are compared with those for year N-1 by the Studies sector of the Group HRD.

After consolidation of an indicator, the final total value and the ratio per FTE are compared with those of the 2014 reporting.

SCOPE COVERED

The coverage of the collection scope of each environmental and societal indicator is the ratio of the number of FTEs of entities having provided information validated by the CSR, Employer Branding and Internal Communication Department for this indicator to the total number of FTEs of the consolidated scope. The FTEs are provided by the Group HRD as at 31 October 2015 when this information is available. Lastly, as the number of FTEs was unavailable at Groupama Emeklilik, Groupama Sigorta, Groupama Seguros, Groupama Garancia Biztosito, Groupama Asigurari, Mastercover, Carole Nash, and Groupama Phoenix, the CSR, Employer Branding and Internal Communication Department estimated the number by multiplying the number of employees of these entities by the average rate of activity of the Group in 2015, *i.e.*, 0.98.

Note that the Centaure Centre driving training figures (section 2.1., page 3) pertain to the Group's entire France scope and may therefore include actions carried out by the regional mutuals (Groupama Loire Bretagne in particular).

Certain social indicators relate only on the France portion of the consolidated scope: this is the case of rate of frequency and severity of accidents, the average remuneration and the rate of employment of disabled workers. At the international level, the reliability of the method of calculation of these indicators is being improved.

PROPERTIES MANAGED BY THE EIG G2S

The following rule was applied for consideration of the consumption of buildings formerly managed by the EIG G2S and recently released:

- buildings released before the beginning of the reporting period (1 November 2014-31 October 2015) were removed completely from the consolidation tables;
- buildings that were occupied for 0 to 6 months during the 2015 reporting period appear in the consolidation tables, but the date on which they were released is mentioned, and their consumption levels are not taken into account;
- buildings that were occupied for 6 or more months during the 2015 reporting period appear in the consolidation tables; the date on which they were released is mentioned, and their consumption levels are taken into account in the consolidation of the indicators.

PROPERTIES NOT MANAGED BY THE EIG G2S

Decrease in FTEs for Groupama SA and Groupama Gan Vie

All FTEs of consolidated scope are taken into account in consumption figures (G2S is in charge of 25 buildings housing 15 group companies) with the exception of 33 FTEs for Groupama SA and 62.5 FTEs for Groupama Gan Vie, which correspond to employees located in buildings not managed by G2S, for which we were unable to obtain consumption details.

We therefore decided to subtract these missing FTEs from the Company's total FTEs for the energy consumption indicators (heat, electricity, water, chilled water, fuel oil, gas).

CORRECTION OF THE SCOPE FOR GROUPAMA ASSICURAZIONI (ITALY)

For Groupama Assicurazioni's "water consumption" and "end gas consumption" indicators, the value provided in 2014 only corresponded to a single site although the scope covered all FTEs of the subsidiary. Therefore:

- for the "water consumption" indicator, the subsidiary's FTEs have been replaced by the FTEs of the site concerned for 2014 (Rome headquarters). Water consumption for 2015 corresponds to consumption for this site with the corresponding FTEs;
- for the "end gas consumption" indicator, the subsidiary's FTEs have been replaced by the FTEs of the site concerned (Rome headquarters) for 2014. However, the gas consumption figure for 2015 corresponds to the all sites of the subsidiary. The scope thus covers all FTEs of the subsidiary.

DETAILS ON THE CALCULATION OF CO_2 EMISSIONS

CO_2 emissions are published according to the three scopes defined by the GHG Protocol and according to the operational control consolidation method, as detailed below:

- scope 1, direct emissions related to consumption of gas and fuel oil and business travel in land vehicles owned by the Group's entities;
- scope 2, indirect emissions related to consumption of electricity, heat and chilled water;
- scope 3, other indirect emissions related to business travel by air, train and land vehicles not owned by the entities (leased vehicles, reimbursement of mileage costs).

The emission factors were updated for the 2015 report using the ADEME carbon base. The factors take into account emissions related to combustion and not upstream of production. A few clarifications for certain emission factors:

- for electricity, the emission factors used for entities present in the overseas departments and territories were calculated as follows using the ADEME base: for GOM Antilles, the average between the emission factors of Guadeloupe and Martinique/for GOM Pacifique, the average between the emission factors of New Caledonia, Tahiti and French Polynesia excluding Tahiti;
- for consumption of steam and chilled water, the CSR, Employer Branding and Internal Communication Department used an average of the various factors provided by ADEME for the cities in which Groupama is located;
- for travel by plane, the CSR, Employer Branding and Internal Communication Department used the emission factor of a trip of average capacity and average distance (100 to 180 seats and 2,000 to 3,000 km);
- for travel by train in France, the emission factor used by the CSR, Employer Branding and Internal Communication Department was the average of the large train line in France, which takes upstream emissions into account, given that it was not possible to differentiate for the other countries.

DETAILS ON THE CALCULATION OF THE RATES CONTAINED IN THE SOCIAL DATA

- Rate of absenteeism in France = number of days of absence (permanent contracts & fixed-term contracts in working days)/ [(monthly average workforce on permanent contracts & fixed-term contracts)*(number of work days – 25 paid leave days)];
- Accident frequency rates = number of workplace and commuting accidents with work stoppage * 1,000,000/annual theoretical hours worked;
- Accident severity rates = (working) days lost for workplace and commuting accidents with work stoppage * 1000/annual theoretical hours worked.

For these last two indicators, the annual theoretical hours worked by business = theoretical weekly duration * 47 weeks * workforce on permanent contracts & fixed-term contracts as at 31.12.2015.

INCORRECT 2014 DATA

Beyond the corrections explained above related to FTEs for 2014 and 2015, for certain indicators, the 2014 figures were recalculated and modified in this report taking into account the changes in calculation method or scope in order to make the 2015 data comparable with the 2014 data. This rule applies to the following indicators and entities:

- heat (Groupama Garanzia Biztosito);
- water (GOM Antilles, Groupama Assicurazioni, Bry building);
- electricity (Nantes building);
- office paper and certified paper (Gan Assurances);
- marketing and technical documents (Gan Assurances);
- air – euros (Gan Assurances);
- air – km (Gan Assurances);
- train – euros (Gan Assurances);
- train – km (Gan Assurances);
- car – (Groupama Gan Vie);
- social data: the number of members of the European Works Council was updated for 2014 (addition of Slovakia).

DATA ON RI/SRI ASSETS

- 2014 data: The figure published in this report for 2014 (€21.7 billion) takes into account the full amount of assets under management of the SRI/RI portfolios, whereas the figure published in the previous report for 2014 (€11.9 billion) only incorporated the fraction held by the Group of those assets under management – thus excluding external customers – and excluding assets under management held by Groupama Asset Management's funds;
- Criteria for definition of funds:
  - assets under management of funds and mandates classified as SRI: They are consistent with the specific SRI management process, which is based on the application of an extra-financial analysis methodology common to equities and credit according to a best-in-class approach; the securities of the available universe are analysed by our teams and classified into five quintiles (the holding of securities belonging to the bottom quintile is prohibited). The funds concerned are particularly specialised funds and collective employee shareholding plans (FCPE) certified by the CIES (French inter-union employee savings committee),
  - assets under management of funds and mandates classified as RI: in this category, we classify funds or mandates that, without be managed according to a best-in-class approach, are subject to ESG/RI charters.

Appendix – List of entities taken into account in the non-financial reporting consolidation scope

Entity (Country)	Information provided for this entity
AMALINE ASSURANCES (France)	Social, environmental and societal
CAROLE NASH (United Kingdom)	Social, environmental and societal
GAN ASSURANCES (France)	Social, environmental and societal
GAN PATRIMOINE (France)	Social, environmental and societal
GAN PRÉVOYANCE (France)	Social, environmental and societal
GROUPAMA GAN VIE (France)	Social, environmental and societal
GAN IA HONG KONG	Social
GAN OUTRE-MER ANTILLES (France)	Social, environmental and societal
GAN OUTRE-MER PACIFIQUE (France)	Social, environmental and societal
GROUPAMA ASIGURARI (Romania)	Social, environmental and societal
GROUPAMA ASSET MANAGEMENT (France)	Social, environmental and societal
GROUPAMA ASSICURAZIONI (Italy)	Social, environmental and societal
GROUPAMA ASSURANCE-CRÉDIT (France)	Social, environmental and societal
GROUPAMA BANQUE (France)	Social, environmental and societal
GROUPAMA EMEKLILIK (Turkey)	Social, environmental and societal
GROUPAMA ÉPARGNE SALARIALE (France)	Social, environmental and societal
GROUPAMA GARANCIA BIZTOSITO (Hungary/Slovakia)	Social, environmental and societal
GROUPAMA IMMOBILIER (France)	Social, environmental and societal
OTHER PROPERTY SUBSIDIARIES (France)	Social
GROUPAMA PHOENIX (Greece)	Social, environmental and societal
GROUPAMA PROTECTION JURIDIQUE (France)	Social, environmental and societal
GROUPAMA SA (France)	Social, environmental and societal
GROUPAMA SEGUROS (1) (Portugal)	Social, environmental and societal
GROUPAMA SIGORTA (Turkey)	Social, environmental and societal
GIE GROUPAMA SUPPORTS ET SERVICES (France)	Social, environmental and societal
GROUPAMA ZASTRAHOVANE NON LIFE (2) (Bulgaria)	Social, environmental and societal
MASTERCOVER (United Kingdom)	Social, environmental and societal
MUTUAIDE ASSISTANCE (France)	Social, environmental and societal

(1) Jointly reported with Groupama Seguros De Vida's data.
(2) Jointly reported with Groupama JivotoZastrahovane Life's data.

5.1.15 OUTLOOK (SCOPE OF THE ENTIRE GROUPAMA GROUP)

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 asset management 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.

5.2 REPORT OF THE INDEPENDENT THIRD PARTY ON SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

This is a free translation into English of the report issued in French, and is provided solely for the convenience of English speaking readers.

Report of the independent third party on the consolidated social, environmental and societal information contained in the management report

(Year ended 31 December 2015)

Mazars SAS
61, rue Henri-Régnault
92075 La Défense Cedex

Dear Shareholders,

In our capacity as independent third party, a member of the Mazars network, statutory auditor of Groupama SA, accredited by COFRAC under number 3-1058 (1), we hereby present our report on the consolidated social, environmental and societal information relating to the fiscal year ended 31 December 2015, presented in the management report (hereinafter the "CSR Information"), pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Board of Directors to prepare a management report containing the CSR information provided for in Article R. 225-105-1 of the French Commercial Code in accordance with the procedures used by the Company (hereinafter the "Reference Sources"), a summary of which is contained in the management report and available on request at the Company's headquarters.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulations, the professional ethical code as well as the provisions of Article L. 822-11 of the French Commercial Code. In addition, we have put in place a system of quality control that includes policies and documented procedures designed to ensure compliance with the applicable ethical rules, standards of professional practice and laws and regulations.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

It is our responsibility, on the basis of our work, to:

- certify that the required CSR Information is presented in the management report or, if omitted, explained pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Certification of presence of CSR information);
- express a conclusion of moderate assurance on the fact that the CSR Information, taken as a whole, is presented fairly in all their significant aspects in accordance with the Reference Sources (reasoned opinion on the fairness of the CSR Information).

Our work was performed by a team of five individuals between December 2015 and February 2016 for a duration of approximately 10 weeks.

We performed the work described below in accordance with the professional standards applicable in France and the order of 13 May 2013 defining how independent third party performs its mission, and, with regard to the reasoned opinion on fairness, ISAE 3000 (2).

(a) Certificate of presence of CSR Information

On the basis of interviews with the heads of the departments concerned, we reviewed the statement of sustainable development guidelines, according to the social and environmental consequences related to the Company's business and its societal commitments and, where appropriate, the resulting actions or programmes.

We compared the CSR information presented in the management report with the list provided for by Article R. 225-105-1 of the French Commercial Code.

In case of the absence of certain consolidated information, we verified that explanations were provided in accordance with the provisions of Article R. 225-105 § 3 of the French Commercial Code.

(1) Its scope is available at www.cofrac.fr.

(2) ISAE 3000 – Insurance engagements other than audits or reviews of historical financial information.

We verified that the CSR Information covered the consolidated scope, namely the Company as well as its subsidiaries within the meaning of Article L. 233-1 and the companies that it controls within the meaning of Article L. 233-3 of the French Commercial Code with the limits specified in the methodological note presented in § 3.4 of the management report.

On the basis of this work and considering the limits mentioned above, we certify the presence of the required CSR Information in the management report.

(b) Reasoned opinion on the fairness of the CSR Information

Nature and scope of work

We conducted a dozen interviews with the individuals responsible for the preparation of CSR Information within the departments in charge of information collection processes and, where appropriate, those responsible for internal control and risk management procedures in order to:

- assess the appropriateness of the Reference Sources considering their relevance, completeness, reliability, neutrality and understandable nature, taking into consideration, where appropriate, the best practices of the sector;
- verify the establishment of a collection, compilation, treatment and control process aims at comprehensiveness and consistency of CSR Information and review the internal control and risk management procedures relating to the preparation of CSR Information.

We determined the nature and extent of our tests and checks on the basis of the nature and significance of the CSR information in terms of the characteristics of the Company, the social and environmental issues of its business activities, its sustainable development guidelines and best industry practices.

For the CSR Information that we considered most important [(1)]:

- at the level of the consolidating entity, we consulted the documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), we implemented the analytical procedures on the quantitative information, and verified, on the basis of sampling, the calculations as well as the consolidation of data, and we verified their consistency with the other information contained in the management report;
- at the level of a representative sample of entities that we selected [(3)] on the basis of their business, their contribution to the consolidated, their location and a risk analysis, we conducted interviews to verify the correct application of the procedures and implemented detailed tests on the basis of sampling, consisting in verifying the calculations made and reconciling the data of the supporting documents.

The sample thus selected represents on average 22% of the workforce and between 59% and 75% of the environmental quantitative information.

For other consolidated CSR Information, we assessed its coherence in relation to our knowledge of the Company.

Lastly, we assessed the relevance of the explanations relating, where applicable, to the total or partial absence of certain information.

We believe that the sampling methods and sample sizes that we have used in exercising our professional judgement allow us to express a conclusion of moderate assurance; a higher level of assurance would have required more extensive verifications. Because of the use of sampling techniques as well as other limitations inherent in the operation of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR information cannot be totally eliminated.

Conclusion

On the basis of our work, we found no significant anomalies likely call into question the fact that the CSR Information, taken as a whole, is presented fairly in accordance with the Reference Sources.

Drawn up in Paris La Défense on 16 March 2016

Independent third party

Mazars SAS

Jean-Claude Pauly	Emmanuel Rigaudias
Partner	CSR & Sustainable Development Partner

(1) The quantitative and qualitative information concerned is presented in the Appendix to the report.

(2) Groupama Garancia Biztosito (Hungary), Groupama SA (France) for social information, Groupama Supports & Services (France) for environmental information (all the buildings under management for energy and all purchases of paper managed by Groupama Supports & Services on behalf of GSA and its subsidiaries).

Appendix: list of CSR information that we considered most important

Topics	Social information
Employment	Total staff and the breakdown of employees by gender, age and geographic area
	Number of hires on permanent contracts
	Number of departures on permanent contracts, including redundancies
	Share of female executives
Organisation of work	Rate of absenteeism (France scope)
Training	Number of hours of training
Equal treatment	Measures taken to promote employment and include persons with disabilities and number of employees with disabilities

Topics	Environmental information
Sustainable use of resources	Total paper consumption (office, marketing, and publishing)
	Share of certified office paper
	Energy consumption of sites
Climate change	CO_2 emissions related to energy consumption of sites

Topics	Societal information
Relations with persons or organisations concerned by the Company's activities:	Amounts allocated to the Groupama Health Foundation
Consumer health and safety	Number of people trained in prevention and eco-driving at the Centaure centres
Volunteering	Integration of ESG issues in the analysis of investments

5.3 DIVIDEND DISTRIBUTION POLICY

5.3.1 DIVIDENDS PAID OVER THE PAST THREE FISCAL YEARS

No dividend was distributed during the last three fiscal years.

5.3.2 DISTRIBUTION POLICY

Groupama SA pays dividends in euros.

The future dividend distribution policy will depend on, among other things, the earnings generated and the financial position of Groupama SA and its subsidiaries.

The dividend proposal is submitted to the General Meeting after the allocation of the earnings is proposed by the Board of Directors.

Groupama SA determines its dividend distribution policy on the basis of its consolidated current income minus subsidies paid to regional mutuals.

In previous years, before 2012, Groupama SA distributed a dividend of approximately 20% of this income. Although Management intends to maintain this distribution policy over the long term, the dividend proposed by the Board of Directors for a particular year depends on various factors (including the Company's performance, market conditions and the overall economic environment) that are likely, in certain years, to affect this target distribution amount. When considering the dividend to be paid for a given year, Management seeks to reconcile (i) the prudent management of capital, (ii) the reinvestment of past earnings to support the development of businesses and (iii) the attractiveness of the dividend for the shareholders.

Note that 99.95% of the dividend is paid to the controlling shareholder of Groupama SA and 0.05% is paid to the minority shareholders.

For fiscal year 2015, the payment of a dividend of €0.035 per share corresponding to a total distribution of €14.3 million, representing 10.75% of consolidated net income, will be proposed to the General Meeting of 7 June 2016.

	Fiscal year 2015	Fiscal year 2014	Fiscal year 2013
Overall dividend	€14.3 million	€0	€0
Dividend per share	€0.035	€0	€0
Consolidated net income	€133 million	€15 million	€135 million
Distribution rate	10,75%	Not applicable	Not applicable

5.3.3 STATUTE OF LIMITATIONS

Dividends not claimed within five years are subject to the statute of limitations. They then revert to the Public Treasury, pursuant to Article L. 1126-1 of the French General Public Property Code.

5.4 CASH AND GROUP FINANCING

5.4.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents totalled €890 million as at 31 December 2015, down €389 million compared with 31 December 2014.

The distribution of cash flows for fiscal year 2015 among the various business lines is as follows:

- operational business cash flows: €85 million;
- investment and financial business cash flows: -€474 million;
- total: -€389 million.

5.4.2 ISSUER'S FINANCING STRUCTURE

Groupama SA debt totalled €0.75 billion as at year-end 2015.

The amount of subordinated liabilities as at 31 December 2015 amounted to €0.75 billion and was slightly lower compared with 31 December 2014 (€0.79 billion).

In July 2005, Groupama SA issued a perpetual floating-rate note (TSDI) for a par value of €500 million, at the fixed rate of 4.375% for the first 10 years, then at the variable three-month Euribor rate plus a margin of 2.25%.

This loan was fully paid off in July 2015 through the repayment of the remaining €41 million.

As a reminder, in May 2014, Groupama SA issued a new perpetual floating-rate note ("TSDI") for a par value of €1,100 million, intended to refinance, by means of an exchange, for €449.4 million, a portion of the TSDI issued by Groupama SA in 2005 for €500 million, for €550.6 million, a portion of the deeply super-subordinated instruments ("TSS") issued by Groupama SA in 2007 of €1,000 million and supplemented by €100 million in fundraising.

The Group's external debt excluding subordinated debt was zero at the end of 2015.

However, the Group has an undrawn €750 million line of credit acquired in December 2014. With a duration of five years, the rate applied if the funds are drawn is equal to the 3-month Euribor plus a margin depending on the rating, *i.e.*, 0.6% on the basis of the current notation "BBB".

Groupama SA's debt-to-equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 16.4% at the end of 2015, compared with 17.9% as at 31 December 2014.

	31.12.2015				31.12.2014			
(in millions of euros)	<1 year	1-5 years	>5 years	Total	<1 year	1-5 years	>5 years	Total
Subordinated debt			750	750			791	791
Financing debt represented by securities								
Financing debt with banking-sector companies						4	26	30
TOTAL FINANCING DEBT			**750**	**750**		**4**	**817**	**821**

The "Subordinated debt" line comprises the issue of a bond loan as follows:

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

  This 30-year bond has a fixed annual rate of 7.875% for the first 10 years. After that date, the rate applied will be the three-month Euribor plus a margin of 5.36%. It includes a "10-year call" that allows the issuer to redeem the bond early as from the tenth year.

  At 31 December 2015, this issue was quoted at 107.4% compared with 111.4% 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 in the income statement.

  In addition, under IFRS, two subordinated instruments constitute equity instruments and thus do not appear in the tables above.

- Groupama SA issued a perpetual super-subordinated bond (TSS) in October 2007 for €1,000 million. They were issued at a fixed rate of 6.298% for the first 10 years, and then at a variable rate equal to the 3-month Euribor rate plus a margin of 2.60%. This bond includes a "10-year call" that allows the issuer to redeem the bond early as from the tenth year.

  On 31 December 2015, the balance of this loan amounted to €416 million, after the repayment of €550.6 million in May 2014 during of the refinancing of the debt and after cancellation of securities due following redemptions on the market in the amounts of €20.2 million in 2014 and €13.2 million during first quarter 2015.

  As at 31 December 2015, these super-subordinated bonds (TSS) were trading at 101.3%, compared with 102.3% as at 31 December 2014.

- As mentioned earlier, Groupama SA, after the ACPR's approval, issued a new perpetual floating-rate note ("TSDI") on 28 May 2014 for a total par value of €1.1 billion, used for the refinancing, by means of an exchange, of the 2005 TSDI and the 2007 TSS.

  They were issued at a fixed rate of 6.375% for the first 10 years, and then at a variable rate equal to the 3-month Euribor rate plus a margin of 5.77%. This bond includes a "10-year call" that allows the issuer to redeem the bond early as from the tenth year.

  As at 31 December 2015, this perpetual floating-rate note (TSDI) was trading at 96.8%, compared with 101.0% as at 31 December 2014.

5.4.3 EMPLOYMENT AND CASH

In terms of cash, interest expenses paid by the Group in 2015 amounted to €63 million (€84 million in 2014).

5.5 PROPERTY, PLANT AND EQUIPMENT

The registered office of Groupama SA is located at 8-10, rue d'Astorg, 75008 Paris.

As an insurance group, Groupama holds significant real estate assets, managed primarily by Groupama Immobilier, for a total value of €3.5 billion. These assets are located primarily in Paris and the Greater Paris region.

Investment property and operating activities property are described in the Note 4 and Note 5 of the consolidated financial statements in this registration document.

5.6 ADMINISTRATIVE, JUDICIAL, OR ARBITRATION PROCEEDINGS

Over the past twelve months, the Company has not been subject to any governmental, judicial, or arbitration proceedings, including any pending or threatened proceedings known to the Company, which might have had, or has had over the last 12 months, significant effects on its financial situation or profitability, or that of the Group.

6

FINANCIAL STATEMENTS

Pursuant to Article 28 of Commission Regulation (EC) no 809/2004 of 29 April 2004, the following information has been incorporated into this registration document by reference:

- *Groupama SA's consolidated accounts for the fiscal year ended 31 December 2014 and the corresponding statutory auditors' report, which can be found on pages 188-297 and 298-299 respectively of registration document D15-0395 filed with the AMF on 23 April 2015;*
- *Groupama SA's consolidated accounts for the fiscal year ended 31 December 2013 and the corresponding statutory auditors' report, which can be found on pages 180-289 and 290-291 respectively of registration document D14-0432 filed with the AMF on 29 April 2014.*

6.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

6.1.1 CONSOLIDATED BALANCE SHEET

Assets

(in millions of euros)		31.12.2015	31.12.2014
Goodwill	Note 2	2,167	2,184
Other intangible assets	Note 3	239	270
Intangible assets		**2,407**	**2,454**
Investment property excluding unit-linked items	Note 4	975	1,045
Unit-linked investment property	Note 7	105	106
Operating property	Note 5	545	620
Financial investments excluding unit-linked items	Note 6	68,783	69,270
Unit-linked financial investments	Note 7	6,972	5,983
Derivative instruments and separate embedded derivatives	Note 8	140	122
Insurance business investments		**77,519**	**77,146**
Funds used in banking sector activities and investments of other business 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 and financial contracts	**Note 11**	**8,341**	**8,491**
Other property, plant and equipment	Note 12	153	152
Deferred acquisition costs	Note 13	195	215
Deferred profit-sharing assets	Note 14		
Deferred tax assets	Note 15	224	212
Receivables arising from insurance and inward reinsurance operations	Note 16	1,911	1,898
Receivables arising from outward reinsurance operations	Note 17	287	247
Current tax receivables and other tax receivables	Note 18	277	262
Other receivables	Note 19	1,929	1,925
Other assets		**4,974**	**4,911**
Assets held for sale and discontinued business activities			
Cash and cash equivalents	**Note 20**	**848**	**1,097**
TOTAL		**99,345**	**98,777**

Liabilities

(in millions of euros)		31.12.2015	31.12.2014
Capital		1,687	1,687
Revaluation reserves		1,024	1,150
Other reserves		2,392	2,437
Foreign exchange adjustments		(425)	(406)
Consolidated income		133	15
Shareholders' equity (Group share)		**4,811**	**4,883**
Non-controlling interests		50	52
Total shareholders' equity	**Note 21**	**4,861**	**4,935**
Reserves for contingencies and charges	**Note 22**	**427**	**421**
Financing debt	**Note 24**	**750**	**821**
Technical liabilities relating to insurance policies	**Note 25**	**53,042**	**51,660**
Technical liabilities relating to financial contracts	**Note 26**	**16,120**	**17,466**
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	337	362
Debts to holders of units of consolidated mutual funds	Note 28	249	250
Operating debts to banking sector companies	Note 20	118	19
Debts arising from insurance or inward reinsurance operations	Note 29	766	645
Debts arising from outward reinsurance operations	Note 30	7,349	7,387
Current taxes payable and other tax liabilities	Note 31	149	191
Derivative instrument liabilities	Note 8	799	812
Other debts	Note 32	5,492	5,611
Other liabilities		**15,258**	**15,278**
Liabilities of business activities to be sold or discontinued			
TOTAL		**99,345**	**98,777**

6.1.2 CONSOLIDATED INCOME STATEMENT

Income statement

(in millions of euros)		31.12.2015	31.12.2014
Written premiums	Note 33	10,009	9,921
Change in unearned premiums		7	(25)
Earned premiums		**10,016**	**9,896**
Net banking income, net of cost of risk		**195**	**188**
Investment income		2,339	2,317
Investment expenses		(765)	(654)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs		580	536
Change in fair value of financial instruments recorded at fair value through income		342	135
Change in impairment on investments		(1)	(11)
Investment income net of expenses	**Note 34**	**2,496**	**2,323**
Total income from ordinary business activities		**12,707**	**12,407**
Insurance policy servicing expenses	Note 35	(9,558)	(9,411)
Income on outward reinsurance	Note 36	668	648
Expenses on outward reinsurance	Note 36	(1,012)	(974)
Net outward reinsurance income and expenses		**(9,903)**	**(9,737)**
Banking operating expenses		(179)	(184)
Policy acquisition costs	Note 38	(1,216)	(1,205)
Administration costs	Note 39	(552)	(543)
Other current operating income and expenses	Note 40	(593)	(610)
Total other current income and expenses		**(12,442)**	**(12,279)**
Current operating income		**265**	**129**
Other non-current operating income and expenses	Note 41	(85)	(62)
Operating income		**180**	**67**
Financing expenses	Note 42	(63)	(84)
Share in income of related companies	Note 10	(42)	(2)
Corporate income tax	Note 43	57	37
Net income from continuing business activities		**132**	**17**
Net income from discontinued business activities			
OVERALL NET INCOME		**132**	**17**
of which, non-controlling interests		(1)	2
OF WHICH, NET INCOME (GROUP SHARE)		**133**	**15**

6.1.3 STATEMENT OF NET INCOME AND GAINS (LOSSES) RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY

(in millions of euros)	31.12.2015 Group share	31.12.2015 Non-controlling interests	31.12.2015 Total	31.12.2014 Group share	31.12.2014 Non-controlling interests	31.12.2014 Total
Net income for fiscal year	**133**	**(1)**	**132**	**15**	**2**	**17**
Gains and losses recognised directly in shareholders' equity						
Items recyclable to income						
Change in foreign exchange adjustments	(19)		(19)	8		8
Change in gross unrealised capital gains and losses on available-for-sale assets	(567)	(2)	(569)	5,523	13	5,536
Revaluation of hedging derivatives						
Change in shadow accounting	466	2	468	(4,692)	(11)	(4,703)
Change in deferred taxes	(25)		(25)	(239)	(1)	(240)
Other changes	6	1	7	(8)		(8)
Items not recyclable to income						
Restatement of net actuarial debt from pension commitments (defined-benefit schemes)	14		14	(21)		(21)
Change in deferred taxes	(4)		(4)	7		7
Other changes						
Total gains (losses) recognised directly in shareholders' equity	**(129)**	**1**	**(128)**	**578**	**1**	**579**
NET INCOME AND GAINS (LOSSES) RECOGNISED IN SHAREHOLDERS' EQUITY	**4**		**4**	**593**	**3**	**596**

The statement of net income and gains (losses) recognised directly in shareholders' equity – an integral part of the financial statements – includes, in addition to the net income for the year, the change in the reserve for unrealised capital gains (losses) on available-for-sale assets, net of deferred profit-sharing and deferred taxes, as well as the change in the reserve for foreign exchange adjustments and the actuarial gains (losses) on post-employment benefits.

6.1.4 CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	Capital	Income (Loss)	Subordinated instruments	Consolidated reserves	Revaluation reserves	Foreign exchange adjustment	Share-holders' equity (Group share)	Share of non-controlling interests	Total share-holders' equity
SHAREHOLDERS' EQUITY AS OF 31/12/2013	**1,687**	**135**	**1,000**	**850**	**558**	**(414)**	**3,816**	**54**	**3,870**
Allocation of 2013 income (loss)		(135)		135					
Dividends [1]				(55)			(55)	(4)	(59)
Change in capital									
Business combinations								(1)	(1)
Other			529				529		529
Impact of transactions with shareholders		**(135)**	**529**	**80**			**474**	**(5)**	**469**
Foreign exchange adjustments						8	8		8
Available-for-sale assets					5,523		5,523	13	5,536
Shadow accounting					(4,692)		(4,692)	(11)	(4,703)
Deferred taxes				7	(239)		(232)	(1)	(233)
Actuarial gains (losses) of post-employment benefits				(21)			(21)		(21)
Other				(8)			(8)		(8)
Net income for fiscal year		15					15	2	17
Total income and expenses recognised over the period		**15**		**(22)**	**592**	**8**	**593**	**3**	**596**
Total changes over the period		**(120)**	**529**	**58**	**592**	**8**	**1,067**	**(2)**	**1,065**
SHAREHOLDERS' EQUITY AT 31/12/2014	**1,687**	**15**	**1,529**	**908**	**1,150**	**(406)**	**4,883**	**52**	**4,935**
Allocation of 2014 income (loss)		(15)		15					
Dividends [1]				(63)			(63)	(2)	(65)
Change in capital									
Business combinations									
Other			(13)				(13)		(13)
Impact of transactions with shareholders		**(15)**	**(13)**	**(48)**			**(76)**	**(2)**	**(78)**
Foreign exchange adjustments						(19)	(19)		(19)
Available-for-sale assets					(567)		(567)	(2)	(569)
Shadow accounting					466		466	2	468
Deferred taxes				(4)	(25)		(29)		(29)
Actuarial gains (losses) of post-employment benefits				14			14		14
Other				6			6	1	7
Net income for fiscal year		133					133	(1)	132
Total income and expenses recognised over the period		**133**		**16**	**(126)**	**(19)**	**4**	**0**	**4**
Total changes over the period		**118**	**(13)**	**(32)**	**(126)**	**(19)**	**(72)**	**(2)**	**(74)**
SHAREHOLDERS' EQUITY AT 31/12/2015	**1,687**	**133**	**1,516**	**876**	**1,024**	**(425)**	**4,811**	**50**	**4,861**

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

6.1.5 CASH FLOW STATEMENT

(in millions of euros)	31.12.2015	31.12.2014
Operating income before taxes	180	67
Capital gains (losses) on the sale of investments	191	(494)
Net allocations to amortisation and depreciation	151	180
Change in deferred acquisition costs	16	10
Change in impairment	(750)	(51)
Net reserves for technical liabilities related to insurance policies and financial contracts	792	568
Net allocations to other reserves	18	(15)
Change in fair value of financial instruments and investments recognised at fair value through income (excluding cash and cash equivalents)	(342)	(135)
Other non-cash items included in operating income	36	10
Correction of elements included in the operating income other than cash flows and reclassification of investment and financing flows	**112**	**73**
Change in operating receivables and payables	(83)	222
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	(21)	(135)
Net tax paid	(41)	(2)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**85**	**2,472**
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	(262)	(1,500)
Net acquisitions of investment property	84	(2)
Net acquisitions and/or issues of investments and derivatives relating to other activities		
Other non-cash items	(2)	1
Cash flows from acquisitions and issues of investments	**(180)**	**(1,501)**
Net acquisitions of property, plant and equipment, intangible fixed assets and operating property	(81)	(81)
Cash flows from acquisitions and disposals of property, plant and equipment and intangible fixed assets	**(81)**	**(81)**
Investment cash flows from activities to be sold or discontinued		
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	**(245)**	**(1,565)**
Membership fees		
Issue of capital instruments		1,100
Redemption of capital instruments	(13)	(571)
Transactions involving own shares		
Dividends paid (1)	(65)	(59)
Cash flows from transactions with shareholders and members	**(78)**	**470**
Cash allocated to financial debt	(71)	(1,099)
Interest paid on financial debt	(63)	(84)
Cash flows from group financing	**(134)**	**(1,183)**
Financing cash flows from activities to be sold or discontinued		
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(212)**	**(713)**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**1,279**	**1,074**
Net cash flows from operating activities	85	2,472
Net cash flows from investment activities	(245)	(1,565)
Net cash flows from financing activities	(212)	(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	**890**	**1,279**

(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	1,097
Cash, central bank, postal bank and accounts receivable from banking businesses	201
Operating debts to banking sector companies	(19)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**1,279**
Cash and cash equivalents	848
Cash, central bank, postal bank and accounts receivable from banking businesses	160
Operating debts to banking sector companies	(118)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**890**

6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY

1 SIGNIFICANT EVENTS AND POST-BALANCE SHEET EVENTS

1.1 Significant events of fiscal year 2015

1.1.1 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.

1.1.2 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.

1.1.3 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 CEO 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.

1.1.4 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.

1.1.5 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 financial year ended 31 December 2015.

1.1.6 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.

1.2 Post-balance sheet events

1.2.1 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.

1.2.2 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 CONSOLIDATION PRINCIPLES, METHODS AND SCOPE

2.1 Explanatory note

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

The breakdown of share capital as at 31 December 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 umbrella funds – FCPE).

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

Groupama SA is a non-life insurance and reinsurance company, the sole reinsurer for the regional mutuals and the holding company for the Equity Management Division of the Groupama group. Its activities are:

- to define and implement the operational strategy of the Groupama group in collaboration with the regional mutuals and in line with the strategies defined by the Fédération Nationale Groupama;
- to reinsure the regional mutuals;
- to manage all the subsidiaries;
- to establish the reinsurance programme for the entire Group;
- to manage direct insurance business;
- to prepare the consolidated and combined accounts.

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

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

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

The various entities of the Group are connected:

- within the Groupama SA division, equity holding relationships. The subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain operational autonomy, each of the subsidiaries is subject to the requirements and obligations defined by the Groupama SA environment, particularly in terms of control;
- in the Mutual Insurance division:
  - by an internal reinsurance agreement that 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 consolidated accounts

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

For the purposes of preparing the consolidated accounts, the financial statements of each consolidated entity are prepared consistently and in accordance with the International Financial Reporting Standards and the interpretations applicable as at 31 December 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 an €11 million net tax impact on the opening balance sheet of the consolidated accounts 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 not to have a significant impact on the Group's consolidated accounts. They are shown below:

- amendment to IAS 19 entitled: Defined benefit plans: employee contributions;
- amendments to IAS 16 and IAS 38: Clarification on the acceptable depreciation methods;
- amendments to IFRS 11: Acquisition of a share in a joint business activity;
- amendments to IAS 16 and IAS 41: Bearer plants

The Group does not envisage 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 the issues involved in implementing this standard is under way.

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

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

The Group adopted IFRS for the first time for the preparation of the 2005 financial statements.

In the notes, all amounts are stated in millions of euros unless specified otherwise. These amounts are rounded off. There may be differences due to rounding.

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

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

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

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

- initial valuation and impairment tests performed on intangible assets, particularly goodwill (Notes 3.1.1 and 3.1.2);
- evaluation of technical reserves (Note 3.12);
- estimate of certain fair values on unlisted assets or real estate assets (Notes 3.2.1 and 3.2.2),
- estimate of certain fair values of illiquid listed assets (Notes 3.2.1);
- recognition of profit-sharing assets (Note 3.12.2.b) and deferred tax assets (Note 3.13);
- calculation of reserves for contingencies and charges and particularly valuation of employee benefits (Note 3.10).

2.3 Consolidation principles

2.3.1 Scope and methods of consolidation

A company is included in the consolidation scope once its consolidation, or that of the sub-group which it heads, whether on a stand-alone basis or with other consolidated businesses, is material in relation to the consolidated accounts of all companies included in the scope of consolidation.

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

(a) Consolidating company

A consolidating company is one that exclusively or jointly controls other companies, regardless of their form, or that has a considerable influence over other companies.

(b) Controlled entities

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

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

Full integration comprises:

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

(c) Related companies and joint ventures

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

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

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

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

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

(d) Deconsolidation

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

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

2.3.2 Changes in scope of consolidation

Changes in the scope of consolidation are described in Note 48 of the notes to the financial statements.

2.3.3 Uniformity of accounting principles

Groupama SA's consolidated accounts are presented consistently across the entity formed by the companies included within the scope of consolidation, taking into account the characteristics inherent in consolidation and the financial reporting objectives required for consolidated accounts (predominance of substance over form, elimination of local tax accounting entries).

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

2.3.4 Conversion of financial statements of foreign companies

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

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

2.3.5 Internal transactions between companies consolidated by Groupama SA

All transactions within the Group are eliminated.

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

Inter-company transactions involving the following must be therefore eliminated:

- reciprocal receivables and payables as well as reciprocal income and expenses;
- notes receivable and notes payable are offset but, if the receivable is discounted, the credit facility granted to the Group is substituted for the note payable;
- transactions affecting commitments received and given;
- inward reinsurance, outward reinsurance and retrocessions;
- co-insurance and co-reinsurance operations and pooled management;
- broker and intermediation transactions;
- contractual sharing of premium income of Group policies;
- reserves for the write-down of equity interests funded by the Company holding the securities and, if applicable, reserves for contingencies and charges recognised because of losses suffered by exclusively controlled companies;
- transactions on forward financial instruments;
- capital gains and losses from internal transfer of insurance investments;
- intra-group dividends.

3 ACCOUNTING PRINCIPLES AND VALUATION METHODS USED

3.1 Intangible assets

3.1.1 Goodwill

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

Residual goodwill results from 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.

(a) Classification

Financial assets are classified in one of the following four categories:

- there are two types of assets at fair value through income:
  - investments held for trading, which are investments for which the management intention is to generate income in the short term. If there have been short-term sales in the past, such assets may also be classified in this category,
  - financial assets designated as optional (held for trading or fair value option), provided they comply with the following criteria:
    - asset/liability matching to avoid any accounting mismatch,
    - hybrid instruments including one or more embedded derivatives,
    - group of financial assets and/or liabilities that are managed and the income of which is valued at fair value;
- assets held to maturity include fixed-term investments that the Company expressly intends, and is able, to hold until maturity. The Group does not use this category, with the exception of certain perfectly backed portfolios that meet the criteria defined above;
- the category of loans and receivables includes assets with a defined payment or a payment that can be defined, which are not listed for trading on an active market;
- available-for-sale assets (stated at fair value via shareholders' equity) include by default all other fixed-term financial investments, equities, loans and receivables that are not included in the other categories.

(b) Reclassifications

A financial asset may, under exceptional circumstances, be reclassified outside the category of investments held for trading.

A financial asset classified as available-for-sale may be reclassified outside the assets available-for-sale category, into:

- the category of investments held to maturity when the intent or capacity of the Company changes or when the entity no longer has a reliable assessment of fair value;
- the category of loans and receivables when the financial asset meets the definition of loans and receivables on the date of the reclassification and when the entity has the intent and the capacity to hold the financial asset for the foreseeable future or until its maturity.

A financial asset classified in the category of investments held to maturity may be reclassified exceptionally as available-for-sale if the entity's intent or capacity has changed.

(c) Initial recognition

The Group recognises its financial assets when it becomes party to the contractual provisions of these assets.

Purchases and sales of financial investments are recorded on the transaction date.

Financial assets are initially recorded at fair value plus; for assets not valued at fair value through income, the transaction costs directly chargeable to the acquisition. However, when immaterial the transaction costs are not included in the acquisition cost of the financial assets.

Repurchase transactions are maintained as assets on the balance sheet.

(d) Fair value measurement methods

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

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

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

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

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

(e) Valuation rules

The valuation rules and any impairment must be understood as depending on the classification of the financial instrument in one of the four categories given above.

Assets held for trading and those for which the option to include them in this category has been applied are recorded in the income statement at the 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.

(f) Reserves for impairment

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

DEBT INSTRUMENTS CLASSIFIED AS AVAILABLE-FOR-SALE ASSETS

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

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

EQUITY INSTRUMENTS CLASSIFIED AS AVAILABLE-FOR-SALE ASSET

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

As at 31 December 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.

(g) Derecognition

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

Gains or losses from disposal 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.

Gains and losses from disposal are recorded on the income statement at the date of realisation and represent the difference between the sale price and the net book value of the asset.

3.2.2 Investment property

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

(a) Initial recognition

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

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

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

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

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

(b) Valuation

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

Each component is identified by its duration and depreciation rate.

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

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

The realisable value of investment 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.

(c) Subsequent expenditure

Subsequent expenditure must be added to the book value of the property:

- if it is probable that these expenses will allow the asset to generate economic benefits;
- and these expenses can be reliably valued.

(d) Reserves for impairment

On each closing date of its financial statements, the Group determines whether there is evidence of potential loss of value on property recorded at amortised cost. If this is the case, the realisable value of the property is calculated as being the higher of two values: the sale price net of sale costs and the value in use. If the 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.

(e) Derecognition

Gains or losses from the divestment of property investments are booked in the income statement on the date of realisation and represent the difference between the net sale price and the net book value of the asset.

3.3 Derivatives

3.3.1 General information

A derivative is a financial instrument with the following three features:

- its value fluctuates on the basis of the change in a specific variable known as the “underlying asset”;
- it requires a zero or low initial net investment compared with other instruments that react in the same way to market changes;
- it is settled at a future date.

All derivatives are recorded on the balance sheet at their fair value on the original date and during their subsequent revaluation. Changes in fair value are posted to income except for derivatives designated as cash flow hedges and net foreign investments.

3.3.2 Hedging derivatives

The use of hedge accounting is subject to obligations regarding documentation and periodic demonstration of the efficacy of the hedge.

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

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

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

3.3.3 Embedded derivatives

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

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

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

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

3.4 Investments in related companies 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 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 Tangible assets

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

3.9.1 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.

3.9.2 Other reserves

Other reserves consist of the following items:

- retained earnings;
- group consolidation reserves;
- other regulated reserves;
- the impact of changes in accounting methods;
- equity instruments akin to deeply subordinated instruments (TSS) or perpetual subordinated bonds (TSDI) whose features allow recognition in shareholders' equity. Compensation for these instruments is treated like a dividend drawn from shareholders' equity.

3.9.3 Foreign exchange adjustments

Foreign exchange adjustments result from the consolidation process owing to the translation of statutory financial statements of foreign subsidiaries prepared in a currency other than the euro.

3.9.4 Non-controlling interests

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

3.10.1 Personnel benefit

(a) Pension commitments

The Group's companies have different retirement schemes. The schemes are generally financed by contributions paid to insurance companies or other funds, which are administered and valued on the basis of periodic actuarial calculations. The Group has defined-benefit schemes and defined-contribution schemes. A defined-contribution scheme is a retirement scheme under which the Group pays fixed contributions to an independent entity. In this case, the Group is not bound by any legal or implied obligation forcing it to top up the scheme in the event that the assets are not sufficient to pay, to all employees, the benefits due for services rendered during the current fiscal year and previous fiscal years. Pension schemes that are not defined contribution schemes are defined benefit schemes. This is the case, for example, for a scheme that defines the amount of the pension benefit that will be collected by an employee at retirement, which is generally a function of one or more factors, such as age, seniority and salary.

The liabilities recorded in the balance sheet for defined-benefit schemes and similar schemes correspond to the discounted value of the obligation linked to the defined-benefit schemes at closing, after deducting the closing fair value of the scheme assets.

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

The costs of past services are immediately recognised in income, regardless of whether the rights are ultimately acquired in the event of a change of pension scheme.

With regard to defined-contribution schemes, the Group pays contributions to retirement insurance schemes and is not bound by any other payment commitment. The contributions are booked as expenses related to personnel benefits when they are due. The contributions paid in advance are recorded as assets to the extent that the advance payment results in a reduction of future payments or a cash reimbursement.

3.11 Financing debt

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

In the absence of a specific IFRIC interpretation, commitments to purchase 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.

3.11.1 Initial recognition

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

3.11.2 Valuation rules

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

3.11.3 Derecognition

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

3.12 Underwriting operations

3.12.1 Classification and method of recognition

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

- insurance policies and financial contracts with discretionary profit-sharing, which are governed by IFRS 4;
- financial contracts without discretionary profit-sharing, which are governed by IAS 39.

(a) Insurance policies

An insurance policy is a contract under which one party (the insurer) accepts a significant insurance risk of another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. An insurance risk is a risk, other than a financial risk, transferred from the policyholder to the issuer. This risk is significant when an insured event may require an insurer to pay significant additional benefits whatever the scenario, with the exception of scenarios that lack business significance.

The existing accounting practices for insurance policies subject to IFRS 4 continue to be maintained, with the exception of the equalisation reserves as defined by IFRS 4 which have been annulled, provided that the reserves thus established meet the solvency tests stipulated by international standards (see paragraph 3.12.2.c).

(b) Financial contracts

Contracts that do not meet the definition of insurance policy as described above are classified as financial contracts. Financial contracts are broken down into two categories: financial contracts with or without discretionary profit sharing.

A discretionary profit-sharing clause is defined as the contractual right held by a subscriber to receive an additional payment or another benefit, the amount or maturity of which is fully or partially at the discretion of the insurer and the valuation of which is based either on the performance of a set of contracts or a determined contract, either on the income or loss of the insurer, a fund, or any other entities having issued the contract or on realised and/or unrealised investment returns of a portfolio of specified assets held by the issuer.

The accounting methods for financial contracts with discretionary profit sharing are identical to the methods for insurance policies described above. Financial contracts without discretionary profit sharing are treated using the valuation procedures described in 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 technical reserves.

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

TECHNICAL LIABILITIES RELATED TO NON-LIFE INSURANCE POLICIES

Reserves for unearned premiums

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

Reserves for unexpired risks

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

Outstanding claims reserves

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

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

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

Other 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 technical reserves.

TECHNICAL LIABILITIES RELATED TO LIFE INSURANCE POLICIES AND FINANCIAL CONTRACTS WITH DISCRETIONARY PROFIT SHARING

Actuarial reserves

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

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

Profit-sharing reserve

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

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

The reserve for deferred profit sharing includes:

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

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

Application of shadow accounting

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

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

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

Other 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 accounts. These amounts may not under any circumstances be greater than the present value of future income from the policies.

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

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

The Group applies shadow accounting for deferred acquisition costs.

(c) Liabilities adequacy test

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

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

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

(d) Unit-linked policies under IFRS 4

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

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

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

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

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

3.12.3 Financial contracts under IAS 39

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

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

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

3.12.4 Reinsurance operations

(a) Inward reinsurance

Inward reinsurance is booked treaty by treaty without difference on the basis of an assessment of the business accepted. These operations are classified according to the same rules as those described for 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.

(b) Outward reinsurance

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

Securities from reinsurers (outward reinsurers and retrocessionaires) remitted as collateral are recorded in the statement of commitments given and received.

3.13 Taxes

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

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

This is particularly the case when, because of completed transactions that are posted in either the individual company statements or only in the consolidated accounts as restatements and eliminations of 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 according to their purpose, by applying allocation keys defined based on the structure and organisation of each of the insurance entities.

Expenses are classified into the following six purposes:

- acquisition costs;
- administrative costs;
- claims settlement costs;
- investment expenses;
- other technical expenses;
- non-technical expenses.

4 NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SEGMENT REPORTING

Note 1.1 - Segment reporting by operating segment

Note 1.1.1 - Segment reporting by operating segment – Balance sheet

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Intangible assets	794	1,612	2,407	807	1,647	2,454
Insurance business investments	70,380	7,138	77,519	70,419	6,727	77,146
Funds used in banking sector activities and investments of other business 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 and financial contracts	8,168	173	8,341	8,282	209	8,491
Other assets	4,133	842	4,974	3,986	925	4,911
Assets held for sale and discontinued business activities						
Cash and cash equivalents	672	176	848	636	461	1,097
CONSOLIDATED TOTAL ASSETS	**89,214**	**10,130**	**99,345**	**88,629**	**10,147**	**98,777**
Reserves for contingencies and charges	344	84	427	330	91	421
Financing debt	750		750	821		821
Technical liabilities relating to insurance policies	47,897	5,146	53,042	46,520	5,140	51,660
Technical liabilities relating to financial contracts	14,386	1,734	16,120	15,896	1,570	17,466
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	14,940	317	15,258	14,898	380	15,278
Liabilities of business activities to be sold or discontinued						
TOTAL CONSOLIDATED LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**87,028**	**7,456**	**94,484**	**86,491**	**7,350**	**93,841**

Note 1.1.2 - Segment reporting by operating segment – Income statement

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Earned premiums	7,339	2,677	10,016	7,268	2,628	9,896
Net banking income, net of cost of risk	195		195	188		188
Investment income	2,079	261	2,339	2,059	258	2,317
Investment expenses	(712)	(53)	(765)	(613)	(41)	(654)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	538	42	580	472	64	536
Change in fair value of financial instruments recorded at fair value through income	334	9	342	95	40	135
Change in impairment on investments	(1)		(1)	(4)	(7)	(11)
Total income from ordinary business activities	**9,771**	**2,936**	**12,707**	**9,466**	**2,941**	**12,407**
Insurance policy servicing expenses	(7,413)	(2,146)	(9,558)	(7,286)	(2,125)	(9,411)
Income on outward reinsurance	616	52	668	599	49	648
Expenses on outward reinsurance	(849)	(163)	(1,012)	(850)	(124)	(974)
Banking operating expenses	(179)		(179)	(184)		(184)
Policy acquisition costs	(795)	(421)	(1,216)	(794)	(411)	(1,205)
Administrative costs	(388)	(164)	(552)	(382)	(161)	(543)
Other current operating income and expenses	(540)	(53)	(593)	(557)	(53)	(610)
CURRENT OPERATING INCOME	**223**	**41**	**265**	**12**	**117**	**129**
Other operating income and expenses	(61)	(24)	(85)	(38)	(23)	(62)
OPERATING INCOME	**162**	**18**	**180**	**(27)**	**93**	**67**
Financing expenses	(63)		(63)	(84)		(84)
Share in income of related companies	(41)	(1)	(42)	3	(6)	(3)
Corporate income tax	97	(40)	57	60	(23)	37
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES	**155**	**(23)**	**132**	**(47)**	**64**	**17**
Net income from discontinued business activities						
OVERALL NET INCOME	**155**	**(23)**	**132**	**(47)**	**64**	**17**
of which, non-controlling interests		(1)	(1)	2		2
OF WHICH, NET INCOME (GROUP SHARE)	**155**	**(22)**	**133**	**(49)**	**64**	**15**

Note 1.2 - Segment reporting by business

Note 1.2.1 - Segment reporting by business – Balance sheet

	31.12.2015				31.12.2014			
(in millions of euros)	Insurance	Banking	Inter-segment eliminations	Total	Insurance	Banking	Inter-segment eliminations	Total
Goodwill	2,147	20		2,167	2,164	20		2,184
Other intangible assets	234	5		239	264	6		270
Insurance business investments	80,021	6	(2,508)	77,519	79,640	9	(2,503)	77,146
Funds used in banking sector activities and investments of other business 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 and financial contracts	8,527		(186)	8,341	8,690		(199)	8,491
Other assets	5,172	211	(409)	4,974	5,019	217	(325)	4,911
Assets held for sale and discontinued business activities								
Cash and cash equivalents	848	5	(5)	848	1,097	4	(4)	1,097
CONSOLIDATED TOTAL ASSETS	**97,943**	**4,550**	**(3,148)**	**99,345**	**97,913**	**3,932**	**(3,068)**	**98,777**
Reserves for contingencies and charges	406	21		427	400	20		420
Financing debt	2,635	27	(1,913)	750	2,704	27	(1,910)	821
Technical liabilities relating to insurance policies	53,237		(195)	53,042	51,863		(203)	51,660
Technical liabilities relating to financial contracts	16,120			16,120	17,466			17,466
Deferred profit-sharing liabilities	4,980			4,980	4,892			4,892
Resources from banking sector activities		3,939	(33)	3,906		3,330	(26)	3,304
Other liabilities	16,083	182	(1,007)	15,258	16,022	185	(929)	15,278
Liabilities of business activities to be sold or discontinued								
TOTAL CONSOLIDATED LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**93,462**	**4,169**	**(3,148)**	**94,484**	**93,347**	**3,562**	**(3,068)**	**93,841**

Note 1.2.2 - Segment reporting by business – Income statement

	31.12.2015									
	France					International				Total
(in millions of euros)	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total	
Earned premiums	**3,308**	**4,031**			**7,339**	**1,703**	**973**		**2,677**	**10,016**
Net banking income, net of cost of risk			**195**		**195**					**195**
Investment income	143	1,946		(9)	2,079	120	138	3	261	2,339
Investment expenses	(41)	(662)		(10)	(712)	(36)	(15)	(2)	(53)	(765)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	38	422		77	538	31	11		42	580
Change in fair value of financial instruments recorded at fair value through income	8	296		29	334	(2)	11		9	342
Change in impairment on investments		(1)			(1)					(1)
TOTAL INCOME FROM ORDINARY BUSINESS ACTIVITIES	**3,456**	**6,033**	**195**	**87**	**9,771**	**1,815**	**1,119**	**1**	**2,936**	**12,707**
Insurance policy servicing expenses	(2,221)	(5,192)			(7,413)	(1,242)	(903)		(2,146)	(9,558)
Income on outward reinsurance	217	398			616	47	5		52	668
Expenses on outward reinsurance	(431)	(418)			(849)	(156)	(7)		(163)	(1,012)
Banking operating expenses			(179)		(179)					(179)
Policy acquisition costs	(462)	(333)			(795)	(319)	(102)		(421)	(1,216)
Administrative costs	(263)	(125)			(388)	(108)	(56)		(164)	(552)
Other current operating income and expenses	(125)	(311)	2	(106)	(540)	(43)	(7)	(3)	(53)	(593)
CURRENT OPERATING INCOME	**171**	**53**	**18**	**(19)**	**223**	**(6)**	**49**	**(1)**	**41**	**265**
Other operating income and expenses	(33)	(6)		(22)	(61)	(18)	(4)	(2)	(24)	(85)
OPERATING INCOME	**137**	**47**	**18**	**(41)**	**162**	**(25)**	**46**	**(3)**	**18**	**180**
Financing expenses		(1)		(61)	(63)					(63)
Share in income of related companies	(4)	(37)			(41)	(2)			(1)	(42)
Corporate income tax	(57)	106	(7)	55	97	(28)	(11)	(1)	(40)	57
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES	**76**	**115**	**11**	**(47)**	**155**	**(55)**	**35**	**(4)**	**(23)**	**132**
Net income from discontinued business activities										
TOTAL NET INCOME	**76**	**115**	**11**	**(47)**	**155**	**(55)**	**35**	**(4)**	**(23)**	**132**
of which, non-controlling interests		1				(1)			(1)	(1)
OF WHICH, NET INCOME (GROUP SHARE)	**76**	**114**	**11**	**(47)**	**155**	**(54)**	**35**	**(4)**	**(22)**	**133**

(in millions of euros)	31.12.2014									
	France					International				Total
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total	
Earned premiums	**3,275**	**3,993**			**7,268**	**1,693**	**936**		**2,628**	**9,896**
Net banking income, net of cost of risk			**188**		**188**					**188**
Investment income	114	1,943		2	2,059	113	142	3	258	2,317
Investment expenses	(72)	(575)		33	(613)	(27)	(12)	(1)	(41)	(654)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	48	424			472	50	14		64	536
Change in fair value of financial instruments recorded at fair value through income	8	168		(81)	95	7	32		40	135
Change in impairment on investments	2	(5)		(1)	(4)	(4)	(3)		(7)	(11)
TOTAL INCOME FROM ORDINARY BUSINESS ACTIVITIES	**3,375**	**5,950**	**188**	**(47)**	**9,466**	**1,831**	**1,109**	**1**	**2,941**	**12,407**
Insurance policy servicing expenses	(2,289)	(4,997)			(7,286)	(1,197)	(928)		(2,125)	(9,411)
Income on outward reinsurance	199	400			599	44	5		49	648
Expenses on outward reinsurance	(433)	(417)			(850)	(117)	(6)		(124)	(974)
Banking operating expenses			(184)		(184)					(184)
Policy acquisition costs	(451)	(343)			(794)	(318)	(93)		(411)	(1,205)
Administrative costs	(262)	(120)			(382)	(106)	(55)		(161)	(543)
Other current operating income and expenses	(135)	(325)	2	(99)	(557)	(43)	(7)	(3)	(53)	(610)
CURRENT OPERATING INCOME	**3**	**148**	**7**	**(146)**	**12**	**94**	**24**	**(1)**	**117**	**129**
Other operating income and expenses	(18)	(16)		(5)	(38)	(20)	(4)		(23)	(62)
OPERATING INCOME	**(15)**	**132**	**7**	**(151)**	**(27)**	**74**	**20**	**(1)**	**93**	**67**
Financing expenses		(1)		(83)	(84)					(84)
Share in income of related companies	(5)	8			3	(6)			(6)	(3)
Corporate income tax	1	(39)	(3)	102	60	(15)	(8)		(23)	37
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES	**(19)**	**101**	**4**	**(132)**	**(47)**	**53**	**12**	**(1)**	**64**	**17**
Net income from discontinued business activities										
OVERALL NET INCOME	**(19)**	**101**	**4**	**(132)**	**(47)**	**53**	**12**	**(1)**	**64**	**17**
of which, non-controlling interests		2			2					2
OF WHICH, NET INCOME (GROUP SHARE)	**(20)**	**99**	**4**	**(132)**	**(49)**	**53**	**12**	**(1)**	**64**	**15**

NOTE 2 GOODWILL

	31.12.2015				31.12.2014
(in millions of euros)	Gross value	Impairment	Foreign exchange adjustment	Net value	Net value
OPENING VALUE	**3,040**	**(581)**	**(275)**	**2,184**	**2,182**
Newly consolidated entities					
Eliminations from the scope of consolidation					
France					
Central and Eastern European countries			(5)	(5)	(12)
Turkey			(21)	(21)	8
United Kingdom			7	7	6
Other changes during the fiscal year			**(19)**	**(19)**	**2**
CLOSING VALUE	**3,042**	**(580)**	**(295)**	**2,167**	**2,184**

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

Changes during the fiscal year

The changes that affected goodwill on the balance sheet correspond to exchange-rate differences.

Impairment test

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

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

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

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

As a general rule, the flows used correspond to:

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

In mature countries, the explicit life insurance period is generally 10 years, and 6 years for non-life insurance. It may be extended over a longer period (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 decreasing, 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 compared with other countries in the central and eastern European areas has been discontinued due to improvement in Romania's macroeconomic context and in the subsidiary's financial situation.

For Turkey, the yield curve stands at an average of 15.5% during the first four years with a medium-term convergence towards 12%. Over the past few years, the legal/regulatory context governing the motor liability segment in Turkey is proving to be very problematic for insurance companies. These companies have been obliged to significantly adjust their underwriting reserves leading to heavy losses in the profession. This situation has therefore had a very adverse impact on the consolidated accounts as at 31 December 2015 of the Turkish subsidiary, which has at the same time embarked on a strategy to progressively reduce its exposure by means of 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 14% discount rate was discontinued in favour of a rates column converging towards the eurozone rate (8%). The average rate retained during the first three years remains conservative, at 16%. The business plan has been extended from 6 to 10 years to take into account the macroeconomic context which offers little visibility in the short-term but should however normalise in the medium-term with a view to remaining in the eurozone.

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.

With regard to 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).

With regard to 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 shortfall of -€3 million (the excess would be €9 million higher with an increase 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 lowering of the discount rate by 100 basis points 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 an increase of 50 basis points).

With regard to the goodwill of the brokerage CGU in the United Kingdom, an increase of 100 basis points in the discount rate would lead to a surplus of €10 million (and a lowering of the discount rate by 100 basis points 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 an increase 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 – Broken down by cash-generating unit

	31.12.2015			
(in millions of euros)	Gross value	Impairment	Foreign exchange adjustment	Net value
Countries of Central and Eastern Europe	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 and other insurance companies	34			34
Total France and Overseas	**699**			**699**
CLOSING VALUE	**3,042**	**(580)**	**(295)**	**2,167**

	31.12.2014			
(in millions of euros)	Gross value	Impairment	Foreign exchange adjustment	Net value
Countries of Central and Eastern Europe	1,026	(502)	(177)	347
Italy	781			781
Turkey	262		(73)	189
United Kingdom	142	(31)	(27)	84
Greece	131	(48)		83
Total International	**2,342**	**(581)**	**(276)**	**1,484**
Groupama Gan Vie	470			470
Gan Assurances	196			196
Financial businesses, property and other insurance companies	32			32
Total France and Overseas	**698**			**698**
CLOSING VALUE	**3,040**	**(581)**	**(276)**	**2,183**

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	**508**	**1,122**	**1,630**	**507**	**1,082**	**1,589**
Increase		77	77		49	49
Decrease		(27)	(27)	(1)	(7)	(8)
Foreign exchange adjustments	(9)	(1)	(10)	2	(2)	0
Change in scope of consolidation		(4)	(4)			
Closing gross value	**500**	**1,167**	**1,667**	**508**	**1,122**	**1,630**
Opening cumulative amortisation	**(252)**	**(978)**	**(1,229)**	**(234)**	**(898)**	**(1,132)**
Increase	(16)	(64)	(80)	(17)	(84)	(100)
Decrease					3	3
Foreign exchange adjustments	7		7	(1)	1	0
Change in scope of consolidation		3	3			
Closing cumulative amortisation	**(261)**	**(1,038)**	**(1,299)**	**(252)**	**(978)**	**(1,229)**
Opening cumulative long-term impairment	**(130)**		**(130)**	**(129)**		**(129)**
Long-term impairment recognised						
Long-term impairment write-backs						
Foreign exchange adjustments	2		2	(1)		(1)
Change in scope of consolidation						
Closing cumulative long-term impairment	**(128)**	**(1)**	**(128)**	**(130)**		**(130)**
OPENING NET VALUE	**126**	**144**	**270**	**144**	**184**	**328**
CLOSING NET VALUE	**111**	**128**	**239**	**126**	**144**	**270**

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.

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	2	498	986	180	988	678	956	673
Closing cumulative amortisation		(261)	(892)	(146)	(892)	(407)	(848)	(382)
Closing cumulative long-term impairment	(1)	(127)		(1)	(1)	(128)	(1)	(129)
Amortisation and reserves	**(1)**	**(388)**	**(892)**	**(147)**	**(893)**	**(535)**	**(849)**	**(511)**
NET BOOK VALUE	**1**	**110**	**94**	**33**	**95**	**144**	**107**	**162**

NOTE 4 INVESTMENT PROPERTY EXCLUDING UNIT-LINKED INVESTMENTS

	31.12.2015			31.12.2014		
(in millions of euros)	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	**1,233**	**87**	**1,320**	**1,238**	**85**	**1,323**
Acquisitions	40	3	43	1	3	4
Change in scope of consolidation						
Subsequent expenditure						
Assets capitalised in the year	64		64	38		38
Transfer from/to unit-linked property						
Transfer from/to operating property	4		4	(4)		(4)
Foreign exchange adjustments						
Outward reinsurance	(222)	(32)	(254)	(40)	(1)	(41)
Other						
Closing gross value	**1,119**	**58**	**1,177**	**1,233**	**87**	**1,320**
Opening cumulative amortisation	**(265)**		**(265)**	**(258)**		**(258)**
Increase	(20)		(20)	(21)		(21)
Change in scope of consolidation						
Transfer from/to unit-linked property						
Transfer from/to operating property	(1)		(1)			
Decrease	92		92	14		14
Other						
Closing cumulative amortisation	**(194)**		**(194)**	**(265)**		**(265)**
Opening cumulative long-term impairment	**(10)**		**(10)**	**(10)**		**(10)**
Long-term impairment recognised		(1)	(1)			
Change in scope of consolidation						
Long-term impairment write-backs	2		2			
Closing cumulative long-term impairment	**(8)**	**(1)**	**(9)**	**(10)**		**(10)**
Opening net value	**958**	**87**	**1,045**	**970**	**85**	**1,055**
Closing net value	**917**	**57**	**975**	**958**	**87**	**1,045**
Closing fair value of investment property	**2,439**	**143**	**2,582**	**2,346**	**175**	**2,521**
UNREALISED CAPITAL GAINS	**1,522**	**86**	**1,608**	**1,388**	**88**	**1,476**

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 €453 million as at 31 December 2015 (net of profit sharing and tax), compared with €407 million as at 31 December 2014.

During the fiscal year, some entities proceeded with the early exercise of purchase options on properties under lease. As at 31 December 2015, the statement no longer includes properties under leasing contract (compared with net book value of €36 million at 31 December 2014).

Property disposals for the fiscal year include in particular any write-offs recorded in the context of restructuring the Elysées La Défense property as well as disposals of vacant lots in the Group's residential asset base.

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 €72 million. The Level 2 investment property comprises mainly property located in Paris, or the Greater Paris region, whose fair value is based on observable data.

Note 4.1 - Investment property – by operating segment

	31.12.2015						31.12.2014					
	Property			SCI units			Property			SCI units		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	1,084	36	1,119	58		58	1,182	51	1,233	87		87
Cumulative amortisation & impairment	(185)	(9)	(194)				(249)	(16)	(265)			
Long-term impairment		(8)	(8)	(1)		(1)	(2)	(8)	(10)			
Closing net value	899	18	917	57		57	931	27	958	87		87
Closing fair value of investment property	2,403	37	2,439	143		143	2,296	50	2,346	175		175
UNREALISED CAPITAL GAINS	1,504	18	1,522	86		86	1,365	24	1,388	88		88

Note 4.2 - Investment property by business

Note 4.2.1 - Investment property by business – France

	31.12.2015					
	Property			SCI units		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty	Total
Gross value	857	227	1,084	37	22	58
Cumulative amortisation & impairment	(153)	(32)	(185)			
Long-term impairment				(1)		(1)
Closing net value	704	195	899	36	22	57
Closing fair value of investment property	1,924	478	2,403	79	64	143
UNREALISED CAPITAL GAINS	1,220	283	1,504	43	43	86

	31.12.2014					
	Property			SCI units		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty	Total
Gross value	923	259	1,182	65	22	87
Cumulative amortisation & impairment	(192)	(57)	(249)			
Long-term impairment	(2)	(1)	(2)			
Closing net value	730	201	931	65	22	87
Closing fair value of investment property	1,843	453	2,296	110	66	175
UNREALISED CAPITAL GAINS	1,113	252	1,365	44	44	88

Note 4.2.2 - Investment property by business – International

	31.12.2015					
	Property			SCI units		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	**22**	**13**	**36**			
Cumulative amortisation & impairment	(7)	(2)	(9)			
Long-term impairment	(5)	(3)	(8)			
Closing net value	**11**	**8**	**18**			
Closing fair value of investment property	**20**	**17**	**37**			
UNREALISED CAPITAL GAINS	**9**	**9**	**18**			

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

NOTE 5 OPERATING PROPERTY

	31.12.2015			31.12.2014		
(in millions of euros)	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	**731**	**11**	**742**	**727**	**11**	**738**
Acquisitions				2		2
Change in scope of consolidation						
Assets capitalised in the year	2		2	2		2
Transfer from/to investment property	(4)		(4)	4		4
Foreign exchange adjustments	(1)		(1)	(1)		(1)
Outward reinsurance	(59)	(1)	(60)	(3)		(3)
Other						
Closing gross value	**669**	**10**	**679**	**731**	**11**	**742**
Opening cumulative amortisation	**(108)**		**(108)**	**(93)**		**(93)**
Increase	(19)		(19)	(19)		(19)
Change in scope of consolidation						
Transfer from/to investment property	1		1			
Decrease	19		19	4		4
Other						
Closing cumulative amortisation	**(107)**		**(107)**	**(108)**		**(108)**
Opening cumulative long-term impairment	**(14)**		**(14)**			
Long-term impairment recognised	(28)		(28)	(14)		(14)
Change in scope of consolidation						
Long-term impairment write-backs	14		14			
Closing cumulative long-term impairment	**(28)**		**(28)**	**(14)**		**(14)**
Opening net value	**609**	**11**	**620**	**634**	**11**	**645**
Closing net value	**534**	**10**	**545**	**609**	**11**	**620**
Closing fair value of operating property	**738**	**17**	**755**	**813**	**17**	**830**
UNREALISED CAPITAL GAINS	**204**	**7**	**211**	**204**	**6**	**210**

Disposals for the fiscal year concern in particular a property complex in the Paris suburbs, with a net book value of €37 million, having generated the write-back of a reserve amounting to €14 million.

As at 31 December 2015, three operating properties were the subject of appropriations to reserves totalling €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	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	**559**	**110**	**669**	**10**		**10**	**612**	**119**	**731**	**11**		**11**
Cumulative amortisation & impairment	(96)	(10)	(107)				(98)	(10)	(108)			
Long-term impairment	(28)		(28)				(14)		(14)			
Closing net value	**435**	**99**	**535**	**10**		**10**	**501**	**108**	**609**	**11**		**11**
Closing fair value of operating property	**646**	**93**	**739**	**17**		**17**	**707**	**106**	**813**	**17**		**17**
UNREALISED CAPITAL GAINS	**210**	**(6)**	**204**	**7**		**7**	**206**	**(2)**	**204**	**6**		**6**

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		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	**507**	**52**	**559**	**6**	**5**	**10**
Cumulative amortisation & impairment	(87)	(9)	(96)			
Long-term impairment	(28)		(28)			
Closing net value	**392**	**43**	**435**	**6**	**5**	**10**
Closing fair value of operating property	**457**	**189**	**646**	**9**	**8**	**17**
UNREALISED CAPITAL GAINS	**65**	**145**	**210**	**3**	**4**	**7**

(in millions of euros)	31.12.2014					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	**519**	**93**	**612**	**6**	**5**	**11**
Cumulative amortisation & impairment	(80)	(17)	(98)			
Long-term impairment	(3)	(11)	(14)			
Closing net value	**436**	**65**	**501**	**6**	**5**	**11**
Closing fair value of operating property	**519**	**188**	**707**	**9**	**8**	**17**
UNREALISED CAPITAL GAINS	**83**	**124**	**206**	**3**	**3**	**6**

Note 5.2.2 - Operating property by business – International

	31.12.2015					
	Property			SCI units		
(in millions of euros)	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	**50**	**60**	**110**			
Cumulative amortisation & impairment	(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)**			

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

NOTE 6 FINANCIAL INVESTMENTS (EXCLUDING UNIT-LINKED ITEMS)

	31.12.2015	31.12.2014
(in millions of euros)	Net value	Net value
Assets valued at fair value	67,383	68,111
Assets valued at amortised cost	1,400	1,159
TOTAL FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS	**68,783**	**69,270**

Total financial investments (excluding real estate, unit-linked items, and derivatives) as at 31 December 2015 were €68,783 million, marking a decrease of €487 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

	31.12.2015								
	Net amortised cost			Fair value [1]			Gross unrealised capital gains (losses)		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	2,222	266	2,488	2,589	281	2,870	367	15	382
Bonds and other fixed-income investments	42,826	4,634	47,460	49,239	5,122	54,361	6,413	488	6,901
Other investments	1		1	1		1			
Total available-for-sale assets	**45,049**	**4,900**	**49,949**	**51,829**	**5,403**	**57,232**	**6,780**	**503**	**7,283**
Trading assets									
Equities and other variable-income investments classified as "trading"									
Equities and other variable-income investments classified as "held for trading"	543	194	737	543	194	737			
Bonds and other fixed-income investments classified as "trading"	87		87	87		87			
Bonds and other fixed-income investments classified as "held for trading"	2,267	31	2,298	2,267	31	2,298			
Cash mutual funds classified as "trading"	4,730	86	4,816	4,730	86	4,816			
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	**9,775**	**376**	**10,151**	**9,775**	**376**	**10,151**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**54,824**	**5,276**	**60,100**	**61,604**	**5,779**	**67,383**	**6,780**	**503**	**7,283**

(1) 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 €7,283 million and €325 million, respectively, compared with €7,852 million and €277 million as at 31 December 2014.

	31.12.2014								
	Net amortised cost			Fair value (1)			Gross unrealised capital gains (losses)		
(in millions of euros)	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Available-for-sale assets									
Equities and other variable-income investments	2,544	247	2,791	3,053	270	3,323	509	23	532
Bonds and other fixed-income investments	42,220	4,317	46,537	48,991	4,866	53,857	6,771	549	7,320
Other investments	1		1	1		1			
Total available-for-sale assets	**44,765**	**4,564**	**49,329**	**52,045**	**5,136**	**57,181**	**7,280**	**572**	**7,852**
Trading assets									
Equities and other variable-income investments classified as “trading”	9		9	9		9			
Equities and other variable-income investments classified as “held for trading”	516	181	697	516	181	697			
Bonds and other fixed-income investments classified as “trading”	89		89	89		89			
Bonds and other fixed-income investments classified as “held for trading”	1,997	54	2,051	1,997	54	2,051			
Cash mutual funds classified as “trading”	5,730	201	5,931	5,730	201	5,931			
Cash mutual funds classified as “held for trading”	2,084	70	2,154	2,084	70	2,154			
Other investments classified as “trading”									
Other investments classified as “held for trading”									
Total trading assets	**10,425**	**506**	**10,931**	**10,425**	**506**	**10,931**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**55,190**	**5,070**	**60,260**	**62,470**	**5,642**	**68,111**	**7,280**	**572**	**7,852**

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

Note 6.2 - Investments valued at fair value by business

Note 6.2.1 - Investments valued at fair value – by business – France

	31.12.2015								
	Net amortised cost			Fair value (1)			Gross unrealised capital gains (losses)		
(in millions of euros)	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total
Available-for-sale assets									
Equities and other variable-income investments	2,114	108	2,222	2,388	201	2,589	274	93	367
Bonds and other fixed-income investments	40,260	2,566	42,826	46,488	2,751	49,239	6,228	185	6,413
Other investments		1	1		1	1			
Total available-for-sale assets	**42,374**	**2,675**	**45,049**	**48,876**	**2,953**	**51,829**	**6,502**	**278**	**6,780**
Trading assets									
Equities and other variable-income investments classified as “trading”									
Equities and other variable-income investments classified as “held for trading”	452	91	543	452	91	543			
Bonds and other fixed-income investments classified as “trading”	87		87	87		87			
Bonds and other fixed-income investments classified as “held for trading”	1,861	406	2,267	1,861	406	2,267			
Cash mutual funds classified as “trading”	3,883	847	4,730	3,883	847	4,730			
Cash mutual funds classified as “held for trading”	2,057	91	2,148	2,057	91	2,148			
Other investments classified as “trading”									
Other investments classified as “held for trading”									
Total trading assets	**8,340**	**1,435**	**9,775**	**8,340**	**1,435**	**9,775**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**50,714**	**4,110**	**54,824**	**57,216**	**4,388**	**61,604**	**6,502**	**278**	**6,780**

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

	31.12.2014								
	Net amortised cost			Fair value (1)			Gross unrealised capital gains (losses)		
(in millions of euros)	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total
Available-for-sale assets									
Equities and other variable-income investments	2,337	207	2,544	2,741	312	3,053	404	105	509
Bonds and other fixed-income investments	39,636	2,584	42,220	46,161	2,830	48,991	6,525	246	6,771
Other investments		1	1		1	1			
Total available-for-sale assets	**41,973**	**2,792**	**44,765**	**48,902**	**3,143**	**52,045**	**6,929**	**351**	**7,280**
Trading assets									
Equities and other variable-income investments classified as "trading"		9	9		9	9			
Equities and other variable-income investments classified as "held for trading"	428	88	516	428	88	516			
Bonds and other fixed-income investments classified as "trading"	89		89	89		89			
Bonds and other fixed-income investments classified as "held for trading"	1,740	257	1,997	1,740	257	1,997			
Cash mutual funds classified as "trading"	5,119	611	5,730	5,119	611	5,730			
Cash mutual funds classified as "held for trading"	2,084		2,084	2,084		2,084			
Other investments classified as "trading"									
Other investments classified as "held for trading"									
Total trading assets	**9,460**	**965**	**10,425**	**9,460**	**966**	**10,425**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**51,433**	**3,757**	**55,190**	**58,362**	**4,108**	**62,470**	**6,929**	**351**	**7,280**

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

Note 6.2.2 - Investments valued at fair value – by business – International

	31.12.2015								
	Net amortised cost			Fair value [1]			Gross unrealised capital gains (losses)		
(in millions of euros)	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total
Available-for-sale assets									
Equities and other variable-income investments	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**

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

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

(1) 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

	31.12.2015								
	Net amortised cost			Fair value [1]			Gross unrealised capital gains (losses)		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	2,222	266	2,488	2,589	281	2,870	367	15	382
Assets classified as "trading"									
Assets classified as "held for trading"	543	194	737	543	194	737			
Total equities and other variable-income investments	**2,765**	**460**	**3,225**	**3,132**	**475**	**3,607**	**367**	**15**	**382**
Bonds and other fixed-income investments									
Available-for-sale assets	42,826	4,634	47,460	49,239	5,122	54,361	6,413	488	6,901
Assets classified as "trading"	87		87	87		87			
Assets classified as "held for trading"	2,267	31	2,298	2,267	31	2,298			
Total bonds and other fixed-income investments	**45,180**	**4,665**	**49,845**	**51,593**	**5,153**	**56,746**	**6,413**	**488**	**6,901**
Cash mutual funds									
Assets classified as "trading"	4,730	86	4,816	4,730	86	4,816			
Assets classified as "held for trading"	2,148	65	2,213	2,148	65	2,213			
Total cash mutual funds	**6,878**	**151**	**7,029**	**6,878**	**151**	**7,029**			
Other investments									
Available-for-sale assets	1		1	1		1			
Assets classified as "trading"									
Assets classified as "held for trading"									
Total other investments	**1**		**1**	**1**		**1**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**54,824**	**5,276**	**60,100**	**61,604**	**5,779**	**67,383**	**6,780**	**503**	**7,283**

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

	31.12.2014								
	Net amortised cost			Fair value [1]			Gross unrealised capital gains (losses)		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	2,544	247	2,791	3,053	270	3,323	509	23	532
Assets classified as "trading"	9		9	9		9			
Assets classified as "held for trading"	516	181	697	516	181	697			
Total equities and other variable-income investments	**3,069**	**428**	**3,497**	**3,578**	**451**	**4,029**	**509**	**23**	**532**
Bonds and other fixed-income investments									
Available-for-sale assets	42,220	4,317	46,537	48,991	4,866	53,857	6,771	549	7,320
Assets classified as "trading"	89		89	89		89			
Assets classified as "held for trading"	1,997	54	2,051	1,997	54	2,051			
Total bonds and other fixed-income investments	**44,306**	**4,371**	**48,677**	**51,077**	**4,920**	**55,997**	**6,771**	**549**	**7,320**
Cash mutual funds									
Assets classified as "trading"	5,730	201	5,931	5,730	201	5,931			
Assets classified as "held for trading"	2,084	70	2,154	2,084	70	2,154			
Total cash mutual funds	**7,814**	**271**	**8,085**	**7,814**	**271**	**8,085**			
Other investments									
Available-for-sale assets	1		1	1		1			
Assets classified as "trading"									
Assets classified as "held for trading"									
Total other investments	**1**		**1**	**1**		**1**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**55,190**	**5,070**	**60,260**	**62,470**	**5,642**	**68,112**	**7,280**	**572**	**7,852**

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

Note 6.4 - Investments valued at amortised cost in net value

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Loans	86	65	151	97	67	164
Deposits	853	277	1,130	852	28	880
Other	119		119	115		115
TOTAL ASSETS VALUED AT AMORTISED COST	**1,058**	**342**	**1,400**	**1,064**	**95**	**1,159**

Note 6.5 - Reserves for impairment of investments

(in millions of euros)	31.12.2015 Gross	Reserves	Net	31.12.2014 Gross	Reserves	Net
Available-for-sale assets						
Equities and other variable-income investments	2,880	(392)	2,488	3,934	(1,143)	2,791
Bonds and other fixed-income investments	47,464	(4)	47,460	46,541	(4)	46,537
Other investments	1		1	1		1
TOTAL AVAILABLE-FOR-SALE ASSETS	**50,345**	**(396)**	**49,949**	**50,476**	**(1,147)**	**49,329**
Financial investments valued at amortised cost	1,403	(3)	1,400	1,162	(3)	1,159
FINANCIAL INVESTMENTS VALUED AT AMORTISED COST	**1,403**	**(3)**	**1,400**	**1,162**	**(3)**	**1,159**

As at 30 June 2014, total impairment reserves on investments valued at fair value classified as available-for-sale assets were €396 million, compared with €1,147 million as at 31 December 2014. In total, the impairment reserves for available-for-sale financial assets represent 0.79% of their gross amortised cost.

The change in reserves is mainly due to a write-back of reserves on sold securities for €753 million, including €720 million for sales of strategic securities.

With regard to 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 remains unchanged at €3 million.

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

Note 6.6 - Financial investments – by currency

(in millions of euros)	31.12.2015 Euro	Dollar	Pounds	Yens	Other	Total
Available-for-sale assets						
Equities and other variable-income investments	1,830	506	63		471	2,870
Bonds and other fixed-income investments	53,544	43	285		488	54,361
Other investments	1					1
Total available-for-sale assets	**55,375**	**549**	**348**		**959**	**57,232**
Trading assets						
Equities and other variable-income investments classified as “trading”						
Equities and other variable-income investments classified as “held for trading”	737					737
Bonds and other fixed-income investments classified as “trading”	87					87
Bonds and other fixed-income investments classified as “held for trading”	2,292				6	2,298
Cash mutual funds classified as “trading”	4,780	33	3			4,816
Cash mutual funds classified as “held for trading”	2,212					2,213
Other investments classified as “trading”						
Other investments classified as “held for trading”						
Total trading assets	**10,109**	**33**	**3**		**6**	**10,151**
Loans and receivables						
Loans	150				1	151
Deposits	867	6			257	1,130
Other investments	112	6	1			119
Total loans and receivables	**1,129**	**11**	**1**		**258**	**1,400**
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND UNIT-LINKED ITEMS)	**66,614**	**594**	**352**		**1,223**	**68,783**

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

	31.12.2014					
(in millions of euros)	**Euro**	**Dollar**	**Pounds**	**Yens**	**Other**	**Total**
Available-for-sale assets						
Equities and other variable-income investments	2,504	441	65		313	3,323
Bonds and other fixed-income investments	53,032	41	283		501	53,857
Other investments	1					1
Total available-for-sale assets	**55,537**	**482**	**347**		**814**	**57,181**
Trading assets						
Equities and other variable-income investments classified as "trading"	9					9
Equities and other variable-income investments classified as "held for trading"	695	1				696
Bonds and other fixed-income investments classified as "trading"	89					89
Bonds and other fixed-income investments classified as "held for trading"	2,023				28	2,051
Cash mutual funds classified as "trading"	5,932					5,932
Cash mutual funds classified as "held for trading"	2,153					2,153
Other investments classified as "trading"						
Other investments classified as "held for trading"						
Total trading assets	**10,901**	**1**			**28**	**10,930**
Loans and receivables						
Loans	163				1	164
Deposits	852				27	880
Other investments	115					115
Total loans and receivables	**1,130**				**28**	**1,159**
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND UNIT-LINKED ITEMS)	**67,569**	**483**	**347**		**871**	**69,270**

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

Note 6.7 - Breakdown of listed investments

(in millions of euros)	**31.12.2015**	**31.12.2014**
Equities	1,711	1,919
Shares in fixed-income mutual funds	3,237	2,930
Shares in other mutual funds	1,691	1,922
Cash mutual funds	7,028	8,085
Bonds and other fixed-income securities	53,338	52,898
TOTAL LISTED INVESTMENTS	**67,005**	**67,754**

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 €11,956 million compared with €12,937 million as at 31 December 2014.

As at 31 December 2015, the amount of long-term reserves on listed investments valued at fair value totalled €340 million, compared with €1,075 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	205	187
Bonds and other fixed-income securities at fair value	171	168
Other investments at fair value	1	1
Loans at amortised cost	151	163
Other investments at amortised cost	1,249	995
TOTAL UNLISTED INVESTMENTS	**1,777**	**1,516**

As at 31 December 2015, the amount of long-term reserves on unlisted investments valued at fair value totalled €56 million, compared with €72 million as at 31 December 2014.

Note 6.9 - Significant investments in non-consolidated companies

	31.12.2015				31.12.2014			
(in millions of euros)	% interest	Acquisition cost net of reserves	Fair value	Revaluation reserve (before profit-sharing and tax effect) (1)	% interest	Acquisition cost net of reserves	Fair value	Revaluation reserve (before profit-sharing and tax effect) (1)
Veolia Environnement					5.15%	252	432	180
French companies						**252**	**432**	**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**		**660**	**1,002**	**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 Veolia 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 Veolia Environnement.

Note that considering their now marginally significant nature, the Veolia Environnement securities are no longer considered strategic securities in the financial statements at 31 December 2015. The fair value of these securities totalled €6 million.

Note 6.10 - Breakdown of the bond portfolio

At the end of December 2015, bond instruments accounted for 83% of total financial investments excluding unit-linked items, 79% of which were classified as "available-for-sale assets" and 3% as "assets held for trading".

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

Note 6.10.1 - Bond portfolio – by rate

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

(in millions of euros)	31.12.2015			31.12.2014		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
Available-for-sale	51,669	1,201	52,870	51,315	1,123	52,439
Classified as "trading"						
Classified as "held for trading"	417	51	468	406	53	459
Total listed bonds	**52,086**	**1,252**	**53,338**	**51,721**	**1,176**	**52,898**
Unlisted bonds						
Available-for-sale	104	39	143	100	39	139
Classified as "trading"						
Classified as "held for trading"	5	23	28	6	23	29
Total unlisted bonds	**109**	**61**	**171**	**107**	**62**	**168**
TOTAL BOND PORTFOLIO	**52,195**	**1,314**	**53,509**	**51,827**	**1,237**	**53,067**

Note 6.10.2 - Bond portfolio – by maturity

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

(in millions of euros)	31.12.2015				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	2,275	11,125	39,470	52,870	1,898	10,234	40,307	52,439
Classified as "trading"								
Classified as "held for trading"	25	6	437	468	115	52	292	459
Total listed bonds	**2,300**	**11,131**	**39,907**	**53,338**	**2,013**	**10,286**	**40,599**	**52,898**
Unlisted bonds								
Available-for-sale	3	23	117	143	43		96	139
Classified as "trading"								
Classified as "held for trading"	1	14	13	28	17	1	10	29
Total unlisted bonds	**4**	**37**	**130**	**171**	**60**	**1**	**107**	**168**
TOTAL BOND PORTFOLIO	**2,304**	**11,168**	**40,037**	**53,509**	**2,073**	**10,288**	**40,706**	**53,067**

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.

	31.12.2015						
(in millions of euros)	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	2,755	23,330	6,723	18,301	606	1,155	52,870
Classified as "trading"							
Classified as "held for trading"	31	6	83	66		282	468
Total listed bonds	**2,786**	**23,336**	**6,806**	**18,367**	**606**	**1,437**	**53,338**
Unlisted bonds							
Available-for-sale		20	10	112		1	143
Classified as "trading"							
Classified as "held for trading"			17			11	28
Total unlisted bonds		**20**	**27**	**112**		**12**	**171**
TOTAL BOND PORTFOLIO	**2,786**	**23,356**	**6,833**	**18,479**	**606**	**1,449**	**53,509**

	31.12.2014						
(in millions of euros)	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	3,268	24,659	5,860	16,894	973	786	52,440
Classified as "trading"							
Classified as "held for trading"	33	5	92	74	22	232	458
Total listed bonds	**3,301**	**24,664**	**5,952**	**16,968**	**995**	**1,018**	**52,898**
Unlisted bonds							
Available-for-sale		36	96	5		2	139
Classified as "trading"							
Classified as "held for trading"		6	6	6	6	6	30
Total unlisted bonds		**42**	**102**	**11**	**6**	**8**	**169**
TOTAL BOND PORTFOLIO	**3,301**	**24,706**	**6,054**	**16,979**	**1,001**	**1,026**	**53,067**

Note 6.10.4 - Bond portfolio – by type of issuer

(in millions of euros)	31.12.2015	31.12.2014
Bonds issued by EU Member States	33,892	34,323
Bonds issued by States outside the EU	280	266
Bonds from public and semi-public sectors	3,686	3,596
Corporate bonds	15,634	14,865
Other bonds (including bond funds)	16	18
TOTAL BOND PORTFOLIO	**53,509**	**53,067**

Note 6.11 - Debt securities of peripheral countries of the eurozone

Note 6.11.1 - Sovereign debt securities of peripheral countries of the eurozone

	31.12.2015					
(in millions of euros)	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	2,553		2,553	3,213	660	55
Greece						
Ireland	22		22	25	3	1
Italy	7,512		7,512	9,524	2,012	257
Portugal	258		258	298	40	3
TOTAL	**10,345**		**10,345**	**13,060**	**2,715**	**316**

	31.12.2014					
(in millions of euros)	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	2,555		2,555	3,242	687	55
Greece						
Ireland	22		22	26	4	1
Italy	7,492		7,492	9,157	1,665	217
Portugal	252		252	286	34	3
TOTAL	**10,321**		**10,321**	**12,711**	**2,390**	**276**

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 €316 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 €246 million, mainly held by the Hungarian subsidiary.

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

	31.12.2015				
(in millions of euros)	< 3 years	3 to 7 years	7 to 10 years	> 10 years	Total
Spain	215	21	339	2,638	3,213
Greece					
Ireland	10	12	1	2	25
Italy	358	1,269	1,612	6,285	9,524
Portugal	4	16	131	147	298
TOTAL	**587**	**1,318**	**2,083**	**9,072**	**13,060**

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

	31.12.2015					
(in millions of euros)	Spain	Greece	Ireland	Italy	Portugal	Total
Opening sovereign debt securities	3,224		21	8,827	283	12,356
Change in unrealised capital gains/losses	(24)		(1)	354	6	335
Change in scope of consolidation						
Acquisitions	17			195	9	221
Divestments/Redemptions	(23)			(199)		(222)
Foreign exchange adjustments						
CLOSING SOVEREIGN DEBT SECURITIES	**3,194**		**20**	**9,177**	**298**	**12,690**

To date, the consolidated mutual funds hold €370 million in sovereign debt securities of peripheral eurozone countries, including €19 million in Spanish sovereign debt and €347 million in Italian sovereign debt.

Note 6.11.2 - Non-sovereign debt securities of peripheral countries of the eurozone

	31.12.2015					
(in millions of euros)	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	572		572	654	82	8
Greece						
Ireland	14		14	14	0	
Italy	660		660	711	51	9
Portugal	20		20	20	0	
TOTAL	**1,266**		**1,266**	**1,399**	**133**	**17**

	31.12.2014					
(in millions of euros)	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	597		597	706	109	10
Greece						
Ireland	9		9	10	1	
Italy	646		646	709	63	15
Portugal	19		19	20	1	
TOTAL	**1,271**		**1,271**	**1,445**	**174**	**25**

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 €1,399 million as at 31 December 2015. These securities present an unrealised capital gain net of taxes and profit sharing of €17 million.

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

Note 6.12 - Fair value hierarchy

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

- level 1 corresponds to a price listed in an active market to which the entity may have access on the valuation date;
- level 2 corresponds to the fair value determined on the basis of a valuation model using data directly observable on an active market or data that can be determined from prices observed;

- level 3 corresponds to the fair value determined on the basis of a valuation model using data not observable on a market.

A financial instrument is considered to be listed on an active market if prices are easily and regularly available from a stock exchange, broker, trader, business sector, or price valuation service and if these prices represent real transactions properly carried out on the market under conditions of normal competition.

Determination of whether a market is active is particularly based on indicators such as the significant decrease in the volume of transactions and the level of activity on the market, high dispersion of prices available over time and between the various market participants, or the fact that the prices no longer correspond to sufficiently recent transactions.

	31.12.2015				31.12.2014			
(in millions of euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
Equities and other variable-income investments	2,534	58	278	2,870	3,044	59	219	3,322
Bonds and other fixed-income investments	53,172	629	559	54,361	53,052	555	251	53,858
Other investments			1	1			1	1
Total available-for-sale assets	**55,706**	**687**	**838**	**57,232**	**56,096**	**614**	**471**	**57,181**
Trading assets								
Equities and other variable-income investments classified as “trading” or “held for trading”	255	12	470	737	256		449	705
Bonds and other fixed-income investments classified as “trading” or “held for trading”	1,987	77	321	2,385	1,784	41	315	2,140
Cash mutual funds classified as “trading” or “held for trading”	7,028			7,029	8,085			8,085
Other investments								
Total trading assets	**9,270**	**90**	**791**	**10,151**	**10,125**	**41**	**764**	**10,930**
SUB-TOTAL OF FINANCIAL INVESTMENTS (EXCLUDING UNIT-LINKED ITEMS)	**64,976**	**777**	**1,629**	**67,383**	**66,221**	**655**	**1,235**	**68,111**
Investments in unit-linked policies	4,868	405	1,803	7,076	4,381	111	1,596	6,088
Derivative assets and liabilities		(659)		(659)		(689)		(689)
TOTAL FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE	**69,844**	**523**	**3,432**	**73,800**	**70,602**	**77**	**2,831**	**73,510**

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 classified as level 2.

The Level 3 investments comprise:

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

Beyond the financial assets and liabilities described in the table, the Group recorded fair-value financial contracts without discretionary profit sharing in its technical liabilities. This amount totalled €65 million as at 31 December 2015, compared with €60 million as at 31 December 2014.

	31.12.2015								
	Available-for-sale assets			Trading assets					
(in millions of euros)	Equities	Bonds	Other investments	Equities	Bonds	Cash mutual funds	Other investments	Investments in unit-linked policies	Derivative assets and liabilities
Level 3 opening amount	**219**	**251**	**1**	**449**	**315**			**1,596**	
Change in unrealised capital gains/losses recognised in:									
■ income				62				243	
■ gains and losses recognised directly in shareholders' equity	27	37							
Transfer to level 3	(1)								
Transfer outside of level 3									
Reclassification to loans and receivables									
Change in scope of consolidation									
Acquisitions	97	275		101	60			(36)	
Divestments/Redemptions	(62)	(4)		(142)	(54)				
Foreign exchange adjustments	(2)								
LEVEL 3 CLOSING AMOUNT	**278**	**559**	**1**	**470**	**321**			**1,803**	

NOTE 7 INVESTMENTS REPRESENTING COMMITMENTS IN UNIT-LINKED INVESTMENTS

	31.12.2015			31.12.2014		
(in millions of euros)	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

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

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

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 OPERATIONS

Note 9.1 - Uses of funds for banking sector activities

	31.12.2015			31.12.2014		
(in millions of euros)	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 on 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 - Sources of funds for 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 used TLTRO (Targeted Longer Term Refinancing Operations) loans from the European Central Bank at favourable rates that explain the increase in “Debts to credit institutions”. It has also invested its cash in available-for-sale financial assets recognised at fair value through profit and loss.

NOTE 10 INVESTMENTS IN RELATED COMPANIES AND JOINT VENTURES

	31.12.2015		31.12.2014	
(in millions of euros)	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

	2015				
(in millions of euros)	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 for other items.
(4) Actual data (at the level of the HOLDCO tier) except for total assets.

	2014				
(in millions of euros)	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 for other items.
(4) Actual data (at the level of the HOLDCO tier) except for total assets.

The Group holds several stakes in the following 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

	31.12.2015			31.12.2014		
(in millions of euros)	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	827	141	968	909	171	1,081
Other underwriting reserves	328	2	330	288		288
Total	**1,165**	**167**	**1,332**	**1,208**	**203**	**1,411**
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	**8,168**	**173**	**8,341**	**8,282**	**209**	**8,491**

Note 11.1 - Change in the share of outward reinsurers and retrocessionaires in claims reserves for non-life claims split by operating segment

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
SHARE OF REINSURERS IN OPENING RESERVES FOR CLAIMS	**909**	**171**	**1,081**	**1,138**	**224**	**1,363**
Portfolio transfers and changes in scope of consolidation	(7)		(7)			
Share of reinsurers in total claims expense	189	41	230	138	57	195
Share of reinsurers in total payments	(265)	(68)	(333)	(367)	(111)	(478)
Foreign exchange variation		(3)	(3)	1	1	2
SHARE OF REINSURERS IN CLOSING RESERVES FOR CLAIMS	**827**	**141**	**968**	**909**	**171**	**1,081**

NOTE 12 OTHER PROPERTY PLANT AND EQUIPMENT

Note 12.1 - Change in other property, plant and equipment

(in millions of euros)	31.12.2015 Other property, plant and equipment	31.12.2015 Other long-term operating assets	31.12.2015 Total	31.12.2014 Other property, plant and equipment	31.12.2014 Other long-term operating assets	31.12.2014 Total
Opening gross value	**412**	**48**	**460**	**410**	**50**	**460**
Acquisitions	26	9	35	27	1	28
Change in scope of consolidation	(2)		(2)	1		1
Assets capitalised in the year						
Foreign exchange adjustments	(1)		(1)			
Outward reinsurance	(53)	(1)	(54)	(26)	(3)	(29)
Closing gross value	**382**	**56**	**439**	**412**	**48**	**460**
Opening cumulative amortisation	**(306)**		**(306)**	**(291)**		**(291)**
Increase	(30)		(30)	(38)		(38)
Change in scope of consolidation	1		1	(1)		(1)
Foreign exchange adjustments						
Decrease	51		51	24		24
Closing cumulative amortisation	**(284)**		**(284)**	**(306)**		**(306)**
Opening cumulative long-term impairment	**(1)**	**(1)**	**(2)**	**(1)**	**(1)**	**(2)**
Long-term impairment recognised						
Change in scope of consolidation						
Foreign exchange adjustments						
Long-term impairment write-backs						
Closing cumulative long-term impairment	**(1)**	**0**	**(1)**	**(1)**	**(1)**	**(2)**
Opening net value	**105**	**47**	**152**	**118**	**49**	**167**
Closing net value	**97**	**56**	**153**	**105**	**47**	**152**
Closing fair value of other property, plant and equipment	**97**	**98**	**194**	**105**	**79**	**183**
UNREALISED CAPITAL GAINS	**0**	**42**	**41**	**0**	**32**	**32**

Unrealised capital gains on long-term operating assets primarily include biological assets booked in accordance with IAS 41. These are largely forests.

Note 12.2 - Other property plant and equipment – by operating segment

	31.12.2015						31.12.2014					
	Other property, plant and equipment			Other long-term operating assets			Other property, plant and equipment			Other long-term operating assets		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	**270**	**112**	**382**	**56**		**56**	**303**	**109**	**412**	**48**		**48**
Cumulative amortisation & impairment	(192)	(91)	(284)				(217)	(89)	(306)			
Long-term impairment	(1)		(1)				(1)		(1)	(1)		(1)
Closing net value	**77**	**20**	**97**	**56**		**56**	**85**	**20**	**105**	**47**		**47**
Closing fair value of investment property	**77**	**20**	**97**	**98**		**98**	**85**	**20**	**105**	**79**		**79**
UNREALISED CAPITAL GAINS	**0**	**0**	**0**	**42**		**42**	**0**	**1**	**0**	**32**		**32**

NOTE 13 DEFERRED ACQUISITION COSTS

	31.12.2015			31.12.2014		
(in millions of euros)	Gross	Deferred profit-sharing	Net	Gross	Deferred profit-sharing	Net
Non-life insurance policies	75		75	76		76
Life insurance policies and financial contracts with discretionary profit sharing	40	(2)	39	54	(1)	53
France	**115**	**(2)**	**113**	**130**	**(1)**	**129**
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)**	**86**
TOTAL DEFERRED ACQUISITION COSTS	**199**	**(4)**	**195**	**218**	**(4)**	**215**

NOTE 14 DEFERRED PROFIT SHARING

Note 14.1 - Deferred profit sharing liabilities

	31.12.2015			31.12.2014		
(in millions of euros)	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

	31.12.2015			31.12.2014
(in millions of euros)	France	International	Total	Total
Deferred tax assets	210	14	224	212
TOTAL	**210**	**14**	**224**	**212**

Note 15.2 - Deferred tax liabilities – by operating segment

	31.12.2015			31.12.2014
(in millions of euros)	France	International	Total	Total
Deferred tax liabilities	306	30	337	362
TOTAL	**306**	**30**	**337**	**362**

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)	(363)	(395)
Life acquisition costs and overall management expenses reserve	(48)	(52)
Consolidation restatements on underwriting reserves	(173)	(178)
Other differences on consolidation restatements	135	122
Deferred non-life acquisition costs	(25)	(25)
Tax differences on technical reserves and other contingent liabilities	414	419
Tax-deferred capital gains		
Valuation difference on mutual funds	11	4
Foreign exchange hedge	6	4
Other temporary tax differences	(22)	(22)
Subtotal of deferred taxes resulting from timing differences	**(65)**	**(123)**
Deferred taxes from stocks of ordinary losses	**(47)**	**(27)**
Deferred taxes recorded on the balance sheet	**(113)**	**(150)**
of which, assets	224	212
of which, liabilities	(337)	(362)

The Group's consolidated accounts show an overall deferred tax liability of €113 million. These deferred tax liabilities may be broken down as follows:

- a deferred tax asset of €224 million as at 31 December 2015 compared with €212 million as at 31 December 2014, or an increase of €12 million;
- a deferred tax liability of €337 million as at 31 December 2015 compared with €362 million as at 31 December 2014, *i.e.*, a decrease of €25 million.

Unrecognised deferred tax on net assets 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 transactions – by operating segment

	31.12.2015							31.12.2014
	France			International				
(in millions of euros)	Gross value	Reserves	Net value	Gross value	Reserves	Net value	Total	Total
Earned premiums not issued	525		525	16		16	541	528
Policyholders, intermediaries, and other third parties	747	(31)	716	386	(62)	324	1,040	1,078
Current accounts – co-insurers and other third parties	74	(1)	73	41	(28)	13	86	81
Current accounts – ceding and retroceding companies	239		239	6	(1)	5	244	211
TOTAL	**1,585**	**(32)**	**1,553**	**448**	**(90)**	**358**	**1,911**	**1,898**

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

	31.12.2015				31.12.2014			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Earned unwritten premiums	541			541	528			528
Policyholders, intermediaries, and other third parties	933	107		1,040	1,073	5		1,078
Current accounts – co-insurers and other third parties	75	11		86	70	11		81
Current accounts – ceding and retroceding companies	195	49		244	164	47		211
TOTAL	**1,744**	**167**		**1,911**	**1,835**	**63**		**1,898**

NOTE 17 RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS

	31.12.2015			31.12.2014
(in millions of euros)	Gross value	Reserves	Net value	Net value
Outward reinsurer and retrocessionaire current accounts	61	(6)	55	82
Other receivables from reinsurance transactions	233	(1)	232	165
TOTAL	**294**	**(7)**	**287**	**247**

Note 17.1 - Receivables from outward reinsurance transactions – by maturity

	31.12.2015				31.12.2014			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Outward reinsurer and retrocessionaire current accounts	32	24		55	61	21	1	82
Other receivables from reinsurance transactions	232			232	165			165
TOTAL	**263**	**24**		**287**	**225**	**21**	**1**	**247**

NOTE 18 CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES

Note 18.1 - Current tax receivables and other tax receivables – by maturity

	31.12.2015				31.12.2014			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Current tax receivables and other tax receivables	277			277	262			262

"Current tax receivables and other tax receivables" amounted to €277 million as at 31 December 2015 compared with €262 million as at 31 December 2014. It includes corporate tax as well as other government and public authority receivables.

Current tax receivables totalled €81 million as at 31 December 2015, including €47 million for international subsidiaries, versus €86 million at 31 December 2014.

Other current tax receivables totalled €196 million as at 31 December 2015, including €59 million for international subsidiaries, versus €176 million as at 31 December 2014.

Note 18.2 - Current tax receivables and other tax receivables – by operating segment

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Current tax receivables and other tax receivables	171	106	277	154	108	262

NOTE 19 OTHER RECEIVABLES

	31.12.2015			31.12.2014
(in millions of euros)	Gross Values	Reserves	Total	Total
Accrued interest not yet due	758		758	748
Due from employees	7		7	8
Social agencies	10		10	19
Sundry amounts receivable	1,062	(107)	955	880
Other receivables	198		198	269
TOTAL	**2,035**	**(107)**	**1,929**	**1,925**

Note 19.1 - Other receivables – by maturity

	31.12.2015				31.12.2014			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Accrued interest not yet due	758			758	748			748
Due from employees	7			7	8			8
Social agencies	10			10	19			19
Sundry amounts receivable	918	25	12	955	830	32	18	880
Other receivables	198			198	269			269
TOTAL	**1,891**	**25**	**12**	**1,929**	**1,875**	**32**	**18**	**1,925**

Note 19.2 - Other receivables – by operating segment

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Accrued interest not yet due	675	83	758	671	77	748
Due from employees	6	1	7	7	1	8
Social agencies	9		10	19		19
Sundry amounts receivable	910	45	955	829	51	880
Other receivables	170	29	198	246	23	269
TOTAL	**1,770**	**158**	**1,929**	**1,772**	**153**	**1,925**

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	672	636
International	176	461
TOTAL	**848**	**1,097**

Cash and cash equivalents primarily represent the balances in the bank accounts of the Group's entities.

Note 20.2 - Cash applied to balance sheet liabilities

	31.12.2015				31.12.2014			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Operating debts to banking sector companies	118			118	19			19
TOTAL	**118**			**118**	**19**			**19**

	31.12.2015			
	Currencies		Rates	
(in millions of euros)	Eurozone	Non-eurozone	Fixed rate	Variable rate
Operating debts to banking sector companies	118		118	
TOTAL	**118**		**118**	

NOTE 21 SHAREHOLDERS' EQUITY, MINORITY INTERESTS

Note 21.1 - Share capital limits for insurance companies

Insurance business operations are governed by regulatory constraints that define minimum share capital in particular. In France, in accordance with the European Directive and by virtue of Articles R. 322-5 of the French Insurance Code, French companies subject to State control and incorporated in the form of a "Société Anonyme" must have a share capital at least equal to €480,000 or €800,000 depending on the branches operated.

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

Note 21.2 - Impact of transactions with shareholders

Change in shareholders' equity during the 2015 fiscal year

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

Accounting treatment of subordinated instruments classified as shareholders' equity

These bonds have particular characteristics, such as:

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

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 in the income statement).

Note 21.3 - Reserves related to changes in fair value recorded in shareholders' equity

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

(in millions of euros)	31.12.2015	31.12.2014
Gross unrealised capital gains (losses) on available-for-sale assets	7,283	7,852
of which, unrealised gross capital gains (losses) on AFS assets allocated to life and health insurance	6,809	7,262
of which, unrealised gross capital gains (losses) on AFS assets allocated to property and casualty insurance	474	590
Shadow accounting	(5,837)	(6,304)
Cash flow hedge and other changes	(60)	(60)
Deferred taxes	(357)	(333)
Share of non-controlling interests	(4)	(4)
REVALUATION RESERVE – GROUP SHARE	**1,024**	**1,150**

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 €42 million for the cash flow hedge revaluation reserve and €18 million for the net investment hedge revaluation reserve: These reserves correspond to the effective portion of hedging transactions implemented by the Group in the past and since wound up, they will be recycled to income at the time of disposal of the items covered in accordance with the provisions of IAS 39.

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

NOTE 22 RESERVES FOR CONTINGENCIES AND CHARGES

	31.12.2015						
	France			International			Total
(in millions of euros)	Provisions for pensions and similar obligations	Other contingent liabilities [(1)]	Total	Provisions for pensions and similar obligations	Other contingent liabilities [(1)]	Total	
OPENING BALANCE	**237**	**93**	**330**	**40**	**51**	**91**	**421**
Changes in the scope of consolidation and changes in accounting methods				(2)		(2)	(2)
Increases for the year	39	53	92	3	10	13	105
Write-backs for the year	(50)	(28)	(78)	(4)	(14)	(18)	(96)
Foreign exchange variation							
CLOSING BALANCE	**226**	**118**	**344**	**37**	**47**	**84**	**427**

(1) Details are not provided for this line item because this information could seriously prejudice the Group in view of ongoing litigation proceedings.

	31.12.2014						
	France			International			Total
(in millions of euros)	Provisions for pensions and similar obligations	Other contingent liabilities [(1)]	Total	Provisions for pensions and similar obligations	Other contingent liabilities [(1)]	Total	
OPENING BALANCE	**201**	**128**	**329**	**44**	**44**	**88**	**417**
Changes in the scope of consolidation and changes in accounting methods							
Increases for the year	70	39	109	5	21	26	135
Write-backs for the year	(34)	(74)	(108)	(9)	(14)	(23)	(131)
Foreign exchange variation							
CLOSING BALANCE	**237**	**93**	**330**	**40**	**51**	**91**	**421**

(1) Details are not provided for this line item because this information could seriously prejudice the Group in view of ongoing litigation proceedings.

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

Note 23.1 - Closing pensions reserve

(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	593	43	635	598	38	636
Fair value of hedging assets	373		373	358		358
NET ACTUARIAL DEBT	**220**	**43**	**263**	**240**	**38**	**278**

Note 23.1.1 - Pensions reserve – change in 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	**598**	**38**	**636**	**536**	**36**	**572**
Cost of past services	5	3	8	10	3	13
Interest expense	16		17	18	1	19
Revaluations of actuarial debt						
Actuarial differences resulting from changes in demographic assumptions	1		1	4		4
Actuarial differences resulting from changes in financial assumptions	(16)		(16)	42	2	44
Experience-related adjustments	(12)	(2)	(14)	(7)	(2)	(9)
Benefits paid directly by the employer	(5)	(1)	(7)	(8)	(2)	(10)
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	21		21	24		24
Other		4	4			
CLOSING ACTUARIAL DEBT	**593**	**43**	**635**	**598**	**38**	**636**

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	**358**		**358**	**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	**373**		**373**	**358**		**358**

Note 23.2 - Change in post-employment benefits recognised through net income and profits/losses recognised directly through shareholders' equity

(in millions of euros)	31.12.2015	31.12.2014
Cost of services:		
Cost of past services	(5)	(10)
Cost of past services and profit/loss on liquidation		
Net interest on net actuarial debt	(3)	(4)
Other		
COMPONENT OF THE EXPENSE RECOGNISED IN THE INCOME STATEMENT	**(8)**	**(14)**
Revaluation of net actuarial debt:		
Portion of return on hedging assets not recognised in the income statement	(13)	18
Actuarial differences resulting from changes in demographic assumptions	(1)	(4)
Actuarial differences resulting from changes in financial assumptions	16	(42)
Experience-related adjustments	12	7
Change in effect of asset cap		
COMPONENT OF THE EXPENSE RECOGNISED THROUGH PROFIT/LOSSES POSTED DIRECTLY AS SHAREHOLDERS' EQUITY	**14**	**(21)**

Note 23.3 - Information pertaining to personnel 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

	31.12.2015				31.12.2014			
(in millions of euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial debt	213	380	42	635	214	377	45	636
Fair value of hedging assets	12	359	1	372	10	347	1	358
Net actuarial debt	**201**	**21**	**41**	**263**	**204**	**30**	**44**	**278**
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	1.87%	3.00%	NS		1.81%	3.00%	3.25%	
Turn-over								
■ 18 to 34 years	3.60%	NA	NS		4.83%	NA	NS	
■ 35 to 44 years	2.42%	NA	NS		3.13%	NA	NS	
■ 45 to 54 years	1.21%	NA	NS		1.84%	NA	NS	
■ 55 and older	3.07%	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 consolidated accounts.

NOTE 24 FINANCING DEBT

Note 24.1 - Financing debt – by maturity

	31.12.2015				31.12.2014			
(in millions of euros)	< 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						4	26	30
TOTAL			**750**	**750**		**4**	**817**	**821**

As at 31 December 2015, the Group's external debt decreased by €71 million compared with 31 December 2014.

This decrease resulted from the early redemption of perpetual subordinated bonds (TSDI) issued in 2005 at the first redemption date, *i.e.* 6 July 2015, for €41 million and from the reimbursement of leasing debts for €30 million.

Note 24.2 - Financing debt – by currency and rate

	31.12.2015			
	Currencies		Rates	
(in millions of euros)	Eurozone	Non-eurozone	Fixed rate	Variable rate
Subordinated debt	750		750	
Financing debt represented by securities				
Financing debt with banking-sector companies				
TOTAL	**750**		**750**	

The "subordinated debt" item corresponds to the issue of a bond issue 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 in the income statement.

NOTE 25 TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES

Note 25.1 - Technical liabilities related to insurance policies – by operating segment

(in millions of euros)	31.12.2015 France	31.12.2015 International	31.12.2015 Total	31.12.2014 France	31.12.2014 International	31.12.2014 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	669	663	1,332	673	693	1,367
Outstanding claims reserves	5,490	2,305	7,795	5,409	2,285	7,693
Other underwriting reserves	2,620	55	2,674	2,460	47	2,507
Total Non-life insurance	**8,779**	**3,023**	**11,802**	**8,542**	**3,025**	**11,567**
Life insurance reserves for unit-linked policies	7,105	866	7,971	6,137	829	6,966
TOTAL	**47,897**	**5,146**	**53,042**	**46,520**	**5,140**	**51,660**

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 - Technical liabilities related to insurance policies – by business – France

(in millions of euros)	31.12.2015 Life and health insurance	31.12.2015 Property and casualty insurance	31.12.2015 Total	31.12.2014 Life and health insurance	31.12.2014 Property and casualty insurance	31.12.2014 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	36	633	669	38	636	673
Outstanding claims reserves	696	4,795	5,490	673	4,735	5,409
Other underwriting reserves	1,797	822	2,620	1,712	748	2,460
Total Non-life insurance	**2,529**	**6,250**	**8,779**	**2,423**	**6,119**	**8,542**
Life insurance reserves for unit-linked policies	**7,105**		**7,105**	**6,137**		**6,137**
TOTAL GROSS UNDERWRITING RESERVES RELATING TO INSURANCE POLICIES	**41,646**	**6,250**	**47,897**	**40,401**	**6,119**	**46,520**

Note 25.2.2 - Technical liabilities related to insurance policies – by business – France

(in millions of euros)	31.12.2015 Life and health insurance	31.12.2015 Property and casualty insurance	31.12.2015 Total	31.12.2014 Life and health insurance	31.12.2014 Property and casualty insurance	31.12.2014 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	29		29
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	628	693
Outstanding claims reserves	73	2,232	2,305	82	2,202	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 technical reserves for insurance policies – by main categories

(in millions of euros)	31.12.2015 Gross life insurance reserves	31.12.2015 Gross outstanding claims reserves	31.12.2015 Total	31.12.2014 Gross life insurance reserves	31.12.2014 Gross outstanding claims reserves	31.12.2014 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 contracts	**13,842**	**273**	**14,115**	**14,023**	**218**	**14,241**
Periodic-premium contracts						
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 contracts	**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 Reserves for unearned premiums	31.12.2015 Outstanding claims reserves	31.12.2015 Total	31.12.2014 Reserves for unearned premiums	31.12.2014 Outstanding claims reserves	31.12.2014 Total
Non-life insurance						
Motor insurance	562	2,364	2,925	584	2,382	2,967
Bodily injury	88	478	567	87	455	542
Property damage	282	607	889	288	631	919
General third party liability	50	480	529	50	459	509
Marine, aviation, transport	8	202	210	9	206	215
Other risks	172	726	898	181	686	867
Inward reinsurance	**171**	**2,939**	**3,110**	**168**	**2,873**	**3,041**
TOTAL NON-LIFE INSURANCE RESERVES	**1,332**	**7,795**	**9,128**	**1,367**	**7,693**	**9,060**

Note 25.4 - Change in reserves for non-life claims payable

(in millions of euros)	31.12.2015 France	31.12.2015 International	31.12.2015 Total	31.12.2014 France	31.12.2014 International	31.12.2014 Total
OPENING RESERVES FOR NON-LIFE CLAIMS	**5,409**	**2,285**	**7,693**	**5,909**	**2,174**	**8,083**
Portfolio transfers	**(66)**		**(66)**			
Claims expense for the current fiscal year	3,239	1,257	4,496	3,325	1,321	4,645
Claims expense for previous fiscal years	140	74	214	29	(5)	24
Other [(1)]				(524)		(524)
Total claims expense	**3,379**	**1,331**	**4,710**	**2,829**	**1,315**	**4,145**
Claims payments for the current fiscal year	(1,479)	(616)	(2,095)	(1,504)	(581)	(2,085)
Claims payments for previous fiscal years	(1,755)	(662)	(2,417)	(1,827)	(630)	(2,457)
Total payments	**(3,234)**	**(1,278)**	**(4,511)**	**(3,331)**	**(1,212)**	**(4,543)**
Foreign exchange variation	**2**	**(33)**	**(31)**	**1**	**7**	**8**
CLOSING RESERVES FOR NON-LIFE CLAIMS	**5,490**	**2,305**	**7,795**	**5,409**	**2,285**	**7,693**

(1) Corresponds to the reclassification of actuarial reserves of annuities that appeared in "Outstanding claims reserve" at 31 December 2013.

Note 25.5 - Impact of gross claims

(in millions of euros)	2011	2012	2013	2014	2015
Estimate of the claims expense					
End N	4,494	4,824	4,812	4,628	4,483
End N+1	4,945	4,921	4,847	4,609	
End N+2	4,859	4,910	4,784		
End N+3	4,844	4,877			
End N+4	4,836				
Claims expense	**4,836**	**4,877**	**4,784**	**4,609**	**4,483**
Cumulative claims payments	**4,348**	**4,283**	**4,072**	**3,418**	**2,086**
Outstanding claims reserves	**488**	**594**	**713**	**1,191**	**2,397**
Earned premiums	**6,417**	**6,726**	**6,607**	**6,517**	**6,638**
CLAIMS RATIO	**75.4%**	**72.5%**	**72.4%**	**70.7%**	**67.5%**

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 reserve for Non-Life annuities by operating segment

Gross value

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Closing non-life annuity actuarial reserves (net of recoveries)	**2,111**	**23**	**2,134**	**1,959**	**23**	**1,982**
Closing non-life annuity actuarial reserves (net of recoveries) before change in discount rate	2,000	23	2,023	1,913	23	1,936
Closing non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,314	23	2,337	2,270	23	2,292
Technical interest	(314)		(314)	(356)		(356)
Impact of change in discount rate	111		111	46		46

Proportion ceded

	31.12.2015			31.12.2014		
(in millions of euros)	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	15,910	17,195
Reserves on unit-linked policies	56	86
Outstanding claims reserves	65	78
Profit-sharing reserves	16	38
Other underwriting reserves	1	1
Total	**16,049**	**17,398**
Reserves for financial contracts without discretionary profit-sharing		
Life underwriting reserves	6	7
Reserves on unit-linked policies	65	60
Outstanding claims reserves		
Profit-sharing reserves		
Other underwriting reserves		
Total	**71**	**68**
TOTAL	**16,120**	**17,466**

Note 26.1 - Liabilities related to financial contracts (excluding unit-linked items) – by operating segment

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Reserves on financial contracts – Life	14,249	1,668	15,917	15,684	1,518	17,202
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	**14,310**	**1,690**	**15,999**	**15,789**	**1,530**	**17,319**

Note 26.2 - Breakdown of liabilities related to financial contracts – by major category

(in millions of euros)	31.12.2015 Life financial contract reserves	31.12.2015 Gross outstanding claims reserves	31.12.2015 Total	31.12.2014 Reserves on financial contracts – Life	31.12.2014 Gross outstanding claims reserves	31.12.2014 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 contracts	**15,082**	**26**	**15,109**	**16,423**	**20**	**16,443**
Periodic-premium contracts						
Capitalisation	105	2	108	116	1	117
Individual insurance	379	36	414	329	51	379
Group policies	347	1	348	331	6	337
Other	3		3	3	1	4
Total reserves for periodic-premium contracts	**834**	**39**	**873**	**779**	**58**	**837**
Inward reinsurance						
TOTAL	**15,917**	**66**	**15,982**	**17,202**	**78**	**17,280**

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

(in millions of euros)	31.12.2015 France	31.12.2015 International	31.12.2015 Total	31.12.2014 France	31.12.2014 International	31.12.2014 Total
OPENING ACTUARIAL RESERVES	**45,949**	**2,680**	**48,629**	**47,582**	**2,524**	**50,106**
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	(726)	(7)	(733)	(1,229)	(8)	(1,237)
CLOSING ACTUARIAL RESERVES	**44,701**	**2,818**	**47,520**	**45,949**	**2,680**	**48,629**

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

NOTE 28 DEBTS TO UNIT HOLDERS OF CONSOLIDATED MUTUAL FUNDS

	31.12.2015			31.12.2014		
(in millions of euros)	Insurance	Banking	Total	Insurance	Banking	Total
Debts to unit holders of consolidated mutual funds	249		249	250		250
TOTAL	**249**		**249**	**250**		**250**

NOTE 29 DEBTS ARISING FROM INSURANCE OR INWARD REINSURANCE TRANSACTIONS

	31.12.2015				31.12.2014			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Policyholders, intermediaries, and other third parties	583	2		585	523	1		525
Co-insurers	66	1		67	44	1		45
Current accounts – ceding and retroceding companies	84	30		114	45	30		75
TOTAL	**733**	**34**		**766**	**612**	**33**		**645**

NOTE 30 DEBTS ARISING FROM OUTWARD REINSURANCE TRANSACTIONS

	31.12.2015				31.12.2014			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Outward reinsurer and retrocessionaire current accounts (1)	7,224	16		7,240	7,295	18	5	7,318
Other liabilities from reinsurance activities	106	3		109	69			69
TOTAL	**7,330**	**19**		**7,349**	**7,364**	**18**	**5**	**7,387**

(1) Including cash deposits received from reinsurers.

NOTE 31 CURRENT TAXES PAYABLE AND OTHER TAX LIABILITIES

	31.12.2015				31.12.2014			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Current taxes payable and other tax liabilities	149			149	188	3		191
TOTAL	**149**			**149**	**188**	**3**		**191**

"Current taxes payable and other tax liabilities" amounted to €149 million as at 31 December 2015 compared with €191 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 €77 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 €101 million as at 31 December 2015, including €38 million for foreign companies, versus €114 million as at 31 December 2014.

NOTE 32 OTHER DEBT

Note 32.1 - Other debt – by operating segment

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Due to employees	158	8	165	161	8	168
Social agencies	113	7	120	115	7	123
Other loans, deposits, and guarantees received	4,226	5	4,231	4,227	6	4,233
Other creditors	615	53	668	621	55	676
Other debts	273	34	307	376	36	412
TOTAL	**5,384**	**107**	**5,492**	**5,500**	**111**	**5,611**

It should be emphasised that the item "Other loans, deposits, and guarantees received" shows €4,099 million in liabilities on securities given as pension.

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
Due to employees	151		14	165	155		13	168
Social agencies	120			120	123			123
Other loans, deposits, and guarantees received	4,184	12	36	4,231	4,159	13	61	4,233
Other creditors	668			668	676			676
Other debts	307			307	412			412
TOTAL	**5,430**	**12**	**50**	**5,492**	**5,524**	**13**	**74**	**5,611**

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
Due to employees	163	2	165	
Social agencies	119	1	120	
Other loans, deposits, and guarantees received	4,219	12	4,221	11
Other creditors	651	17	668	
Other debts	307		307	
TOTAL	**5,459**	**33**	**5,481**	**11**

NOTE 33 ANALYSIS OF PREMIUM INCOME

Note 33.1 - Analysis of insurance premium income – by major category

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Individual retirement savings	1,764	645	2,409	1,764	628	2,392
Individual protection insurance	418	117	535	424	114	538
Individual health insurance	430	70	500	437	65	502
Other	107		107	132		132
Individual life and health insurance	**2,719**	**832**	**3,551**	**2,756**	**808**	**3,564**
Group retirement savings	156	45	201	165	45	210
Group protection scheme	499	72	571	492	67	559
Group health insurance	496	27	523	431	24	455
Other	158		158	141		141
Group life and health insurance	**1,309**	**145**	**1,454**	**1,228**	**137**	**1,365**
LIFE AND HEALTH INSURANCE	**4,028**	**977**	**5,005**	**3,984**	**945**	**4,929**
Motor insurance	903	1,102	2,005	892	1,161	2,053
Other vehicles	49		49	51		51
Home insurance	597	183	781	588	178	766
Personal and professional property and casualty	324	15	339	309	13	322
Construction	89		89	93		93
Private and professional	**1,963**	**1,301**	**3,264**	**1,932**	**1,352**	**3,284**
Fleets	248	15	263	243	11	254
Business and municipal property	253	189	442	255	190	445
Businesses and local authorities	**501**	**204**	**705**	**499**	**201**	**699**
Agricultural risks	234	146	380	247	112	359
Climate risks	160		160	187		187
Tractors and agricultural equipment	111		111	100		100
Agricultural business lines	**505**	**146**	**651**	**534**	**112**	**646**
Other business lines	305	79	384	284	79	363
Property and casualty insurance	**3,274**	**1,730**	**5,004**	**3,249**	**1,743**	**4,992**
TOTAL INSURANCE	**7,302**	**2,707**	**10,009**	**7,233**	**2,688**	**9,921**

Note 33.2 - Analysis of premium income – by business

	31.12.2015					31.12.2014				
(in millions of euros)	Life and health insurance	P&C	Financial businesses	Total	Share %	Life and health insurance	P&C	Financial businesses	Total	Share %
France	4,028	3,275	282	7,585	74%	3,984	3,249	282	7,515	74%
Southern Europe	794	1,416		2,210	21%	747	1,460		2,207	22%
CEEC	183	313		497	5%	198	284		482	5%
TOTAL	**5,005**	**5,004**	**282**	**10,291**	**100%**	**4,929**	**4,992**	**282**	**10,203**	**100%**

The geographic areas are broken down as follows:

- France;
- Southern Europe: Portugal, Italy, Greece and Turkey;
- Central and Eastern European Countries (CEEC): Bulgaria, Hungary and Romania.

Note 33.3 - Analysis of banking items contributing to premium income

	31.12.2015			31.12.2014		
(in millions of euros)	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and related income	48		48	53		53
Commissions (income)	59	126	185	59	124	184
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**	**128**	**282**	**154**	**128**	**282**

Banking premium income shown in the consolidated accounts corresponds to banking income before taking into account refinancing costs.

NOTE 34 INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

Note 34.1 - Investment income net of management expenses – by operating segment

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Interest on deposits and financial investments income	1,733	242	1,975	1,765	244	2,010
Gains on foreign exchange transactions	97	15	112	78	9	88
Income from differences on redemption prices to be collected (premium/discount)	118	3	120	102	3	105
Property income	131	1	132	114	1	115
Other investment income						
Income from investments	**2,079**	**261**	**2,339**	**2,059**	**258**	**2,317**
Interest received from reinsurers			(1)	(2)		(3)
Losses on foreign exchange transactions	(61)	(11)	(72)	(21)	(9)	(31)
Amortisation of differences in redemption prices (premium-discount)	(269)	(26)	(294)	(224)	(18)	(242)
Depreciation and reserves on property	(59)	(3)	(62)	(47)	(2)	(49)
Management expenses	(323)	(12)	(335)	(319)	(11)	(330)
Investment expenses	**(712)**	**(52)**	**(765)**	**(613)**	**(41)**	**(654)**
Held for trading	(59)	3	(56)	42	5	46
Available-for-sale	561	33	594	422	54	476
Held to maturity						
Other	35	7	42	9	5	14
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**538**	**42**	**580**	**472**	**64**	**536**
Held for trading	43	(2)	40	52	13	65
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 income	**334**	**9**	**342**	**95**	**40**	**135**
Available-for-sale	(1)		(1)	(8)	(7)	(14)
Held to maturity						
Receivables and loans				4		4
Change in impairments on financial instruments	**(1)**		**(1)**	**(4)**	**(7)**	**(11)**
TOTAL	**2,237**	**259**	**2,496**	**2,010**	**314**	**2,323**

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 P&C	31.12.2015 L&H	31.12.2015 Holding	31.12.2015 Total	31.12.2014 P&C	31.12.2014 L&H	31.12.2014 Holding	31.12.2014 Total
Interest on deposits and financial investments income	126	1,640	(33)	1,733	90	1,673	2	1,765
Gains on foreign exchange transactions	6	79	12	97	3	75		78
Income from differences on redemption prices to be collected (premium/discount)	2	115		118	2	100		102
Property income	9	111	11	131	19	95		114
Other investment income								
Income from investments	**143**	**1,946**	**(9)**	**2,079**	**114**	**1,943**	**2**	**2,059**
Interest received from reinsurers					(2)			(2)
Losses on foreign exchange transactions	(3)	(55)	(3)	(61)	(3)	(18)	(1)	(21)
Amortisation of differences on redemption prices (premium/discount)	(13)	(242)	(13)	(269)	(14)	(210)		(224)
Depreciation and reserves on property	(1)	(52)	(6)	(59)	(18)	(29)		(47)
Management expenses	(23)	(313)	13	(323)	(35)	(317)	33	(319)
Investment expenses	**(41)**	**(662)**	**(10)**	**(712)**	**(72)**	**(575)**	**33**	**(613)**
Held for trading		(55)	(4)	(59)	(1)	41	1	42
Available-for-sale	36	450	75	561	48	374	(1)	422
Held to maturity								
Other	2	27	6	35		9		9
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**38**	**422**	**77**	**538**	**48**	**424**	**0**	**472**
Held for trading	7	44	(9)	43	11	110	(69)	52
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 income	**8**	**296**	**29**	**334**	**8**	**168**	**(81)**	**95**
Available-for-sale		(1)		(1)	(1)	(6)	(1)	(8)
Held to maturity								
Receivables and loans					3	1		4
Change in impairments on financial instruments		**(1)**		**(1)**	**2**	**(5)**	**(1)**	**(4)**
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**148**	**2,002**	**87**	**2,237**	**100**	**1,956**	**(47)**	**2,010**

Note 34.2.2 - Investment income net of management expenses by business – International

	31.12.2015				31.12.2014			
(in millions of euros)	P&C	L&H	Holding	Total	P&C	L&H	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 collected (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)**	**(53)**	**(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 income	**(2)**	**11**		**9**	**7**	**32**		**40**
Available-for-sale					(4)	(3)		(7)
Held to maturity								
Receivables and loans								
Change in impairment losses 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)

	31.12.2015					31.12.2014				
(in millions of euros)	Income and expenses	Proceeds from divestment [(1)]	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds from divestment [(1)]	Change in fair value	Change in reserves	Total
Property	97	42		(28)	111	65	14			79
Equities	42	460	2	(1)	503	84	169		(13)	240
Bonds	1,515	34	(9)		1,540	1,535	229	37		1,801
Equity mutual funds	33	16	78	10	137	36	89	66	(2)	189
Mutual funds: Cash from repurchase agreements		(2)			(2)		5			5
Other cash mutual funds		2			2		9	1	1	11
Fixed-income mutual funds	79	16	(7)	(9)	79	66	12	34		112
Derivatives			123		123		(6)	(395)		(401)
Other investment income	244	11	(23)		232	239	16	(73)	4	186
Investment income	**2,010**	**579**	**164**	**(28)**	**2,725**	**2,025**	**536**	**(330)**	**(10)**	**2,222**
Internal and external management expenses and other financial expenses	(315)				(315)	(322)				(322)
Other investment expenses	(93)				(93)	(41)				(41)
Investment expenses	**(408)**				**(408)**	**(363)**				**(363)**
Financial income, net of expenses	**1,602**	**579**	**164**	**(28)**	**2,317**	**1,662**	**536**	**(330)**	**(10)**	**1,859**
Capital gains on securities representing unit-linked policies			629		629			589		589
Capital losses on securities representing unit-linked policies			(450)		(450)			(125)		(125)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**1,602**	**579**	**343**	**(28)**	**2,496**	**1,662**	**536**	**134**	**(10)**	**2,323**

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

Investment income net of management expenses increased by €173 million.

Note 34.3.1 - Investment income net of management expenses (income breakdown by type of asset) – France

	31.12.2015					31.12.2014				
(in millions of euros)	Income and expenses	Proceeds from divestment [(1)]	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds from divestment [(1)]	Change in fair value	Change in reserves	Total
Property	99	35		(27)	107	67	9			76
Equities	41	456	1	(1)	497	82	167		(6)	243
Bonds	1,316	11	(10)		1,317	1,326	186	33		1,545
Equity mutual funds	32	14	82		128	33	80	56	(2)	167
Mutual funds: Cash from repurchase agreements		(2)			(2)		5			5
Other cash mutual funds		2			2		9	1	1	11
Bond mutual funds	66	14	(7)		73	57	11	34		102
Derivatives			123		123		(6)	(395)		(401)
Other investment income	224	7	(22)		209	223	11	(72)	4	166
Investment income	**1,778**	**537**	**167**	**(28)**	**2,454**	**1,788**	**472**	**(343)**	**(3)**	**1,914**
Internal and external management expenses and other financial expenses	(306)				(306)	(313)				(313)
Other investment expenses	(78)				(78)	(29)				(29)
Investment expenses	**(384)**				**(384)**	**(342)**				**(342)**
Financial income, net of expenses	**1,394**	**537**	**167**	**(28)**	**2,070**	**1,446**	**472**	**(343)**	**(3)**	**1,572**
Capital gains on securities representing unit-linked policies			608		608			557		557
Capital losses on securities representing unit-linked policies			(441)		(441)			(119)		(119)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**1,394**	**537**	**334**	**(28)**	**2,237**	**1,446**	**472**	**95**	**(3)**	**2,010**

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

Note 34.3.2 - Investment income net of management expenses (income breakdown by type of asset) – International

	31.12.2015					31.12.2014				
(in millions of euros)	Income and expenses	Proceeds from divestment (1)	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds from divestment (1)	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 funds	1	2	(4)	10	9	3	9	10		22
Mutual funds: Cash from repurchase agreements										
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)**	**287**
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)**	**315**

(1) Net of write-back 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 France	31.12.2015 International	31.12.2015 Total	31.12.2014 France	31.12.2014 International	31.12.2014 Total
Claims						
Paid to policyholders	(6,883)	(1,906)	(8,789)	(7,182)	(1,845)	(9,027)
Change in underwriting reserves						
Outstanding claims reserves	(165)	(28)	(193)	(138)	(54)	(192)
Actuarial reserves	1,898	(53)	1,845	1,981	(56)	1,925
Unit-linked reserves	(481)	(49)	(530)	(726)	(41)	(767)
Profit-sharing	(1,626)	(94)	(1,720)	(1,196)	(116)	(1,312)
Other underwriting reserves	(156)	(15)	(171)	(26)	(13)	(39)
TOTAL INSURANCE POLICY SERVICING EXPENSES	**(7,413)**	**(2,146)**	**(9,558)**	**(7,287)**	**(2,125)**	**(9,412)**

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 P&C	31.12.2015 L&H	31.12.2015 Total	31.12.2014 P&C	31.12.2014 L&H	31.12.2014 Total
Claims						
Paid to policyholders	(2,010)	(4,873)	(6,883)	(2,178)	(5,004)	(7,182)
Change in underwriting reserves						
Outstanding claims reserves	(133)	(33)	(166)	(89)	(49)	(138)
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	(77)	(78)	(156)	(22)	(4)	(26)
TOTAL	**(2,221)**	**(5,192)**	**(7,413)**	**(2,289)**	**(4,997)**	**(7,286)**

Note 35.2.2 - Insurance policy servicing expenses by business – International

	31.12.2015			31.12.2014		
(in millions of euros)	P&C	L&H	Total	P&C	L&H	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

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Acquisition and administrative costs	210	28	238	156	18	174
Claims expenses	686	21	707	750	34	784
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	**616**	**52**	**668**	**599**	**49**	**648**
Outward premiums	(849)	(157)	(1,006)	(849)	(125)	(973)
Change in unearned premiums		(6)	(6)	(2)	1	(1)
Expenses on outward reinsurance	**(849)**	**(163)**	**(1,012)**	**(850)**	**(124)**	**(974)**
TOTAL	**(233)**	**(111)**	**(344)**	**(251)**	**(75)**	**(326)**

Note 36.2 - Outward reinsurance income (expenses) – by business

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

	31.12.2015			31.12.2014		
(in millions of euros)	P&C	L&H	Total	P&C	L&H	Total
Acquisition and administrative costs	30	180	210	26	130	156
Claims expenses	164	522	686	163	587	750
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	**217**	**398**	**616**	**199**	**400**	**599**
Outward premiums	(431)	(418)	(849)	(432)	(417)	(849)
Change in unearned premiums				(2)		(2)
Expenses on outward reinsurance	**(431)**	**(418)**	**(849)**	**(433)**	**(417)**	**(850)**
TOTAL	**(214)**	**(19)**	**(233)**	**(235)**	**(17)**	**(251)**

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

	31.12.2015			31.12.2014		
(in millions of euros)	P&C	L&H	Total	P&C	L&H	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	1
Expenses on outward reinsurance	**(156)**	**(7)**	**(163)**	**(118)**	**(6)**	**(124)**
TOTAL	**(109)**	**(2)**	**(111)**	**(73)**	**(1)**	**(75)**

NOTE 37 OPERATING EXPENSES

Note 37.1 - Operating expenses – by operating segment

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
External expenses	(431)	(93)	(525)	(418)	(93)	(511)
Taxes	(112)	(23)	(136)	(106)	(21)	(127)
Personnel expenses	(736)	(171)	(906)	(721)	(162)	(884)
Commissions	(1,029)	(398)	(1,428)	(998)	(390)	(1,388)
Allocations to amortisation, depreciation, and reserves (net of write-backs)	(84)	(23)	(107)	(99)	(24)	(124)
Other expenses	(31)	(56)	(86)	(41)	(61)	(102)
TOTAL OPERATING EXPENSES BY NATURE	**(2,424)**	**(764)**	**(3,188)**	**(2,384)**	**(751)**	**(3,135)**

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 €8 million.

The use of this tax credit particularly permitted the financing of:

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

Note 37.2 - Operating expenses – by sector of activity

	31.12.2015			31.12.2014		
(in millions of euros)	Insurance	Banking	Total	Insurance	Banking	Total
External expenses	(470)	(55)	(525)	(458)	(53)	(511)
Taxes	(129)	(7)	(136)	(119)	(8)	(127)
Personnel expenses	(800)	(107)	(906)	(778)	(106)	(884)
Commissions	(1,428)		(1,428)	(1,388)		(1,388)
Allocations to amortisation, depreciation, and reserves (net of write-backs)	(103)	(5)	(107)	(119)	(5)	(124)
Other expenses	(65)	(22)	(86)	(77)	(24)	(102)
TOTAL OPERATING EXPENSES BY NATURE	**(2,994)**	**(195)**	**(3,188)**	**(2,939)**	**(196)**	**(3,135)**

Note 37.3 - Breakdown of personnel expenses

(in millions of euros)	31.12.2015	31.12.2014
Salaries	(544)	(531)
Social security expenses	(208)	(204)
Post-employment benefits		
Defined contribution plans	(51)	(53)
Defined benefit plans	(7)	(5)
Anniversary days and employee awards	(5)	(4)
Other personnel benefits	(91)	(86)
ANNUAL SALARY EXPENSES	**(906)**	**(883)**

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

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Commissions	(566)	(324)	(889)	(547)	(316)	(862)
Change in deferred acquisition costs	(14)		(13)	(19)	6	(14)
Other expenses	(215)	(98)	(313)	(228)	(101)	(328)
TOTAL	**(795)**	**(421)**	**(1,216)**	**(794)**	**(411)**	**(1,205)**

Note 38.2 - Policy acquisition costs – by business

Note 38.2.1 - Policy acquisition costs – by business – France

	31.12.2015			31.12.2014		
(in millions of euros)	P&C	L&H	Total	P&C	L&H	Total
Commissions	(391)	(174)	(566)	(375)	(172)	(547)
Change in deferred acquisition costs		(14)	(14)	1	(20)	(19)
Other expenses	(71)	(145)	(215)	(77)	(151)	(228)
TOTAL	**(462)**	**(333)**	**(795)**	**(451)**	**(343)**	**(794)**

Note 38.2.2 - Policy acquisition costs by business – International

	31.12.2015			31.12.2014		
(in millions of euros)	P&C	L&H	Total	P&C	L&H	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

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Commissions	(236)	(41)	(277)	(230)	(41)	(271)
Other expenses	(152)	(123)	(275)	(152)	(120)	(272)
TOTAL	**(388)**	**(164)**	**(552)**	**(382)**	**(161)**	**(543)**

Note 39.2 - Administrative costs – by business

Note 39.2.1 - Administrative costs – by business – France

	31.12.2015			31.12.2014		
(in millions of euros)	P&C	L&H	Total	P&C	L&H	Total
Commissions	(168)	(68)	(236)	(165)	(65)	(230)
Other expenses	(95)	(57)	(152)	(97)	(55)	(152)
TOTAL	**(263)**	**(125)**	**(388)**	**(262)**	**(120)**	**(382)**

Note 39.2.2 - Administrative costs by business – International

	31.12.2015			31.12.2014		
(in millions of euros)	P&C	L&H	Total	P&C	L&H	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

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Commissions and other operating expenses, Life	(235)	(11)	(245)	(229)	(10)	(240)
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	**(209)**	**(2)**	**(211)**	**(218)**	**(2)**	**(221)**
Non-life commissions and other underwriting expenses	(346)	(92)	(439)	(356)	(85)	(441)
Employee profit sharing, Non-life	(1)		(1)	(1)		(1)
Other non-life underwriting income	122	43	165	131	36	167
Transfer of Non-life operating expenses and capitalised production	17		17	11		11
Total income and expenses from current operations, Non-life	**(208)**	**(50)**	**(258)**	**(215)**	**(48)**	**(263)**
Other non-underwriting expenses	(163)	(21)	(185)	(143)	(22)	(165)
Other non-underwriting income	40	20	61	19	19	38
Total income and expenses from current operations, Non-underwriting	**(123)**	**(1)**	**(124)**	**(124)**	**(2)**	**(126)**
Total income and expenses from current operations, Banking						
TOTAL	**(540)**	**(53)**	**(593)**	**(557)**	**(53)**	**(610)**

NOTE 41 OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Income from non-current operations	19		19	49	3	52
Expenses from non-current operations	(79)	(24)	(103)	(88)	(26)	(114)
TOTAL	**(61)**	**(24)**	**(85)**	**(38)**	**(23)**	**(62)**

The balance of other net income and expenses from non-current operations amounted to a loss of €85 million as at 31 December 2015 compared with a loss of €62 million at 31 December 2014.

The main items comprising this total include:

- the amortisation of securities in portfolio totalling €16 million as at 31 December 2015;
- a reserve with regard to the 2015 tax audit in respect of the accepted assessment 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	(63)	(84)
Interest income and expenses – Other		
TOTAL FINANCING EXPENSES	**(63)**	**(84)**

Financing expenses amounted to €63 million compared with €84 million as at 31 December 2014.

As at 31 December 2015, the financing expenses decreased by €21 million primarily as a result of the subordinated debt exchange operation that took place in 2014, the reimbursement in July 2015 of the balance of the subordinated debt issued in 2005, and also the reimbursement of the credit option at the end of 2014 and the non-use in 2015 of the credit line for €750 million put in place in December 2014.

NOTE 43 BREAKDOWN OF TAX EXPENSES

Note 43.1 - Breakdown of tax expenses – by operating segment

	31.12.2015			31.12.2014		
(in millions of euros)	France	International	Total	France	International	Total
Current taxes	10	(27)	(17)	71	(58)	13
Deferred taxes	87	(13)	74	(11)	35	24
TOTAL	**97**	**(40)**	**57**	**60**	**(23)**	**37**

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	**(26)**	**7**
Impact of expenses or income defined as non-deductible or non-taxable	(39)	27
Impact of differences in tax rate	122	4
Tax credit and various charges	1	
Charges of prior deficits		
Losses for the fiscal year not capitalised		
Deferred tax assets not accounted for	(1)	(1)
Other differences		
EFFECTIVE TAX EXPENSE	**57**	**37**

Overall, income tax corresponded to an income (deferred tax plus social tax) of €57 million at 31 December 2015, versus an income of €37 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 by the exemption of 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 0% 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:

	31.12.2015		31.12.2014	
(in millions of euros)	Consolidated income (losses) before tax	Theoretical tax rate	Consolidated income (losses) before tax	Theoretical tax rate
France	59	34.43%	(107)	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	**75**		**(20)**	

The theoretical tax rate applicable in France remains at 34.43% and has not been corrected for the extraordinary 10.7% contribution that applies up until 30 December 2016 to taxable income for companies that have revenue exceeding €250 million.

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

NOTE 44 RELATED PARTIES

1 - General presentation

Groupama SA and its subsidiaries, which make up the Equity Management Division of the Groupama group, maintain close, long-lasting economic relationships with their controlling shareholders, the Groupama regional mutuals, which make up the Groupama group's Mutual Insurance Division. These relationships focus mainly on the reinsurance of the regional mutuals by Groupama SA, and, to a lesser degree, on business relationships amongst the subsidiaries of Groupama SA and the regional mutuals in the areas of insurance, banking and services.

Premium income earned by Groupama SA and its consolidated subsidiaries through the network of regional mutuals comes mainly from Groupama SA and Groupama Gan Vie. Considering just these two entities, the contribution of the network of regional mutuals to consolidated premium income totalled €2,966 million, or 30% of total consolidated premium income for 2015.

The resulting economic inter-dependence led the Group's two major divisions to enter into agreements to protect the security of the entity as a whole.

1.1 - Reinsurance

Pursuant to the legal provisions, the regional mutuals are required to obtain reinsurance exclusively from Groupama SA.

This requirement is laid down in the bylaws of the regional mutuals. This reinsurance exclusivity engenders financial solidarity over time, resulting in a transfer of a substantial proportion of the non-life insurance business from the regional mutuals to Groupama SA.

The reinsurance relationship is based on the principle of "fate sharing" between the regional mutuals as ceding companies and their reinsurer Groupama SA. The principle aims to ensure that over the long term, there are neither winners nor losers between ceding companies and their reinsurer.

Implementing this principle means a major use of quota share reinsurance and the reinsurer's participation in the direct insurance management decisions which determine the financial return for the whole.

Thus, Groupama SA either helps to draft the technical terms and conditions for direct insurance, particularly regarding rates, or else it drafts those conditions itself depending on the nature of the risks being reinsured.

In addition, Groupama SA may participate in the handling of any claims file and jointly manages any claim with an estimated cost that exceeds certain thresholds.

Also under the reinsurance agreement, a number of mechanisms for quickly rectifying any imbalances exist.

The fate sharing introduced between the regional mutuals and Groupama SA also contributes to certain specific expenses in expanding insurance portfolios (project financing, experimentation, joint ventures, etc.) once those projects become part of the Group's strategy and have the potential to be replicated throughout the regional mutuals, as quota share reinsurance gives Groupama SA the means to contribute to the future results of the portfolios thus expanded.

This reinsurance relationship is designed to continue over the long term, and the duration of the reinsurance agreement between Groupama SA and the regional mutuals is equal to that of Groupama SA itself, which, unless extended, will expire in 2086. Any modifications to the agreement must be made via a consensus-based decision-making process, whereby final approval lies with the Groupama SA Board of Directors, after receiving the recommendation of the Agreements Committee.

This reinsurance relationship has led to a powerful community of interests between the regional mutuals and Groupama SA. On the one hand, the regional mutuals have a vital interest in preserving the economic and financial balance of their exclusive reinsurer. On the other hand, Groupama SA has a major interest not only in the economic and financial balance of the mutuals, but also in their growth, in which it participates in proportion to the non-life insurance business transferred.

The reinsurance agreement is described in more detail at § 2.1.

1.2 - Business relationships between the subsidiaries of Groupama SA and the regional mutuals in the areas of insurance, banking and services

Groupama SA and the regional mutuals enjoy business relationships through various subsidiaries of Groupama SA. The role of these subsidiaries is either to offer products or services designed for members and customers in the areas of insurance, banking or services, or to provide financial resources to the entities of the Group.

These business relationships are governed by a principle of preference for the Group up to and including exclusivity, which is based on the interest of the regional mutuals in meeting their needs for products or services and in achieving a return on the investments made in the subsidiaries through Groupama SA.

The preferential nature of these relationships is laid out in an agreement approved by the Groupama SA Board of Directors in its meeting of 14 December 2005.

Under that agreement, the respective commitments of Groupama SA and the regional mutuals are:

- Groupama SA shall ensure that the subsidiaries offer products or services meeting the needs of the market (*i.e.*, products or services designed for members or customers) or to the needs of the entities of the Group (*i.e.*, the financial services designed for the Group entities) and that are competitive compared to the products offered by competing companies in terms of price and quality of service;
- the regional mutuals agree to the following:
  - concerning the subsidiaries offering products or services designed for members and customers:
    - not to distribute, under any circumstances, competing third party products or services,
    - to distribute the products or services of the life insurance, retail banking and employee savings subsidiaries,
    - to distribute the services of the non-life insurance subsidiaries or those of the insurance-related services subsidiaries if they themselves do not offer those services and decide to outsource them,
  - concerning subsidiaries offering financial services designed for the Group entities:
    - to give preference to those subsidiaries in terms of equal price and quality of service.

This agreement will last ten years, from 1 January 2006.

The creation and growth of subsidiaries offering insurance services or related services and banking services to members and customers of the Group is in response to the need for the regional mutuals, whose main business is limited by law to non-life insurance, to have a full range of financial services to offer while sharing amongst themselves through Groupama SA the investment required to create and run a profitable subsidiary.

Such is the case for the life insurance products of Groupama Gan Vie, the retail banking services offered by Groupama Banque, and the services offered by Groupama Épargne Salariale and a certain number of service subsidiaries (Mutuaide, CapsAuto, FMB, etc.).

It is in the interests of Groupama SA to make these investments, for three reasons:

- owing to their intrinsic return going forward;
- owing to the community of interests between it and the regional mutuals because of reinsurance, Groupama SA either benefits or suffers from any progress or setback in the position of the regional mutuals in the non-life insurance market. It is therefore in its direct interest for the regional mutuals to have a competitive offering in other sectors of the market (life insurance, financial services, etc.) so it can be on an equal footing with the other general insurance companies active in the market or with bancassurance companies;
- the investments made in those subsidiaries enable the subsidiaries of Groupama SA distributing the Gan brand to have a services offering as well; such is the case of retail banking, employee savings, insurance-related services, etc.

1.3 - Security systems

(a) The Groupama brand

The Groupama brand is solely owned by Groupama SA which grants user licences to its regional mutuals and subsidiaries. Groupama can therefore guarantee the brand is properly managed and provide protection for one of the Group's critical assets.

(b) Agreement for a security and solidarity system

On 17 December 2003, Groupama SA and the regional mutuals signed an agreement, amended by various riders, for a security and solidarity system, aimed at guaranteeing the security and the financial equilibrium of all the regional mutuals and Groupama SA and to arrange for solidarity.

By virtue of its role as central body of the network made up of agricultural insurance and reinsurance companies and mutuals, Groupama SA has the legal responsibility of ensuring the cohesion and smooth running of the network. It has administrative, technical and financial control over the organisation and management of the organisations within the network. It determines its strategic policies, issues any relevant instructions to this effect and oversees their successful implementation. It also takes any requisite measures to guarantee the solvency of not only each organisation within the network but of the Group as a whole, and to ensure they comply with all their respective obligations.

The agreement has been adapted to reflect these new circumstances. It is fundamentally a three-part agreement:

INSTRUCTIONS FROM THE CENTRAL BODY

The agreement defines the scope and system for issuing instructions, these being one of the methods available to the central body for performing its role.

AUDITS

The agreement allows Groupama SA to conduct audits to verify the current and future economic and financial balances of each regional mutual, compliance with regulatory requirements and with the reinsurance agreement. It may also, in certain conditions, conduct an audit following a loss or non-compliance with an instruction.

SOLIDARITY FUND

The regional mutuals and Groupama SA participate in a solidarity fund in order to assist the regional mutuals in the event their shareholders' equity and their results no longer guarantee they will be able to face their commitments and obligations over time.

As regards the regional mutuals this fund is fed, in proportion to the insurance contributions retained by them; in the form of an annual provision into the reserves until the total provisions by each regional mutual reach 3% of the contributions retained.

Groupama SA does not have such a reserve but has made a commitment to provide assistance to the solidarity fund, calculated according to the same method as the allocations paid by the mutuals.

It will provide this funding support if two conditions are met:

- the regional mutual has suffered a loss which if repeated three times would make it unable to meet its legally-required solvency margin;
- the regional mutual agrees to implement a recovery plan whose contents are approved by Groupama SA.

The funding assistance decision is taken by the Groupama SA Board of Directors.

NEW AGREEMENT IN FORCE FROM 1 JANUARY 2015

In the context of the implementation of Solvency 2 as at 1 January 2016 and the concept of supervisory group ensuring the fungibility of equity capital within the Group, the agreement has been redesigned by replacing the solidarity fund with a new solidarity arrangement that corresponds better to the constraints imposed by Solvency 2.

In this way, the new arrangement introduces a mutual guarantee between Groupama SA and the regional mutuals intended to enable Groupama SA or the regional mutuals, at any time as of 1 January 2016, to be in compliance with their hedging ratio and to cover any hedging shortfall.

In addition, the previous agreement could be terminated at any time subject to 3 months' notice. This provision has been removed since it did not meet the objectives of sustainable links between Groupama SA and the regional mutuals through this agreement. As a result, the agreement has been adapted to provide for a term of ten (10) years renewable automatically by five (5) year period, unless cancelled six (6) months prior to the due date.

(c) The Agreements Committee

The Agreements Committee, the research committee of the Groupama SA Board of Directors, is chaired by an Independent Director.

Its main role is to prevent any potential conflict of interest between the regional mutuals or between Groupama SA and its subsidiaries, which is likely to result from their business relationships.

In particular, this committee is responsible for reviewing any amendments to the reinsurance agreement and the agreements entered into between Groupama SA, its subsidiaries and the regional mutuals, ensuring that said agreements are legally sound and that they are in the corporate interest of Groupama SA (conditions for remunerating and distributing the risks arising from said agreements).

2 - Agreements between Groupama SA and its subsidiaries and the regional mutuals

2.1 - The reinsurance agreement

The need for reinsurance has been behind the ties forged among the Groupama Mutuals since they were founded more than a century ago. The geographical district covered by the mutuals, which at the time was limited to one or two French departments, led them to seek compensation for the risks taken at the national level in order to expand, following the example of the growth achieved by the large rival insurance companies. Thus as time went on, an internal reinsurance system grew up amongst the Regional Insurance Mutuals and a Central Mutual, whose reinsurance role is now assumed by Groupama SA.

The reinsurance of the regional mutuals by Groupama SA is intended, through an internal pooling of risks, to give each mutual, within its district, underwriting capabilities equivalent to those enjoyed by a single company covering the entire territory. It also limits the use of outside reinsurance to what would be needed by such a company.

In order to achieve this objective, the regional mutuals are reinsured within a common framework set by general regulations and not by individual reinsurance agreements. This agreement, which was designed a long time ago, is based on a certain number of founding principles that have outlasted the adjustments made to it over time.

(a) Permanent principles and amendments to the reinsurance agreement

The permanent principles are:

- exclusive reinsurance obligation with Groupama SA;
- the reinsurance conditions defined by the general regulations are developed within cooperative bodies composed of Groupama SA and all the mutuals and they are valid for all the regional mutuals;
- fate sharing among the mutuals and their internal reinsurer: all risks without exception are subject to outward reinsurance particularly as quota share outward reinsurance, which enables Groupama SA to participate in the business growth of the mutuals, including in those divisions where reinsurance is not technically indispensable (health insurance, for example); in consideration, Groupama SA automatically provides the mutuals with reinsurance when they embark on new, less well-known ventures (multi-risk crop insurance, long-term care insurance, etc.) by calculating the insurance terms and conditions regardless;
- retrocession to the regional mutuals by Groupama SA of a portion of the general profit/loss from its inward reinsurance business, which reduces the need for reinsurance outside the Group and involves all the mutuals in balancing the outward reinsurance business with Groupama SA.

Any amendment to the structural parameters of the reinsurance agreement and its schedules (rate of quota share, commission rates and loading rate by risk family, thresholds and floors for excess claims beyond their annual monetary indexation and additional retentions) must be made in the form of a written rider and approved by the Groupama SA regional mutuals via the following procedure:

- proposals for amendments are drafted in a reinsurance working group made up of representatives of Groupama SA and the regional mutuals;
- subject to the approval of the Chief Executive Officer of Groupama SA, they are subject to the agreement of the Chief Executive Officers of the regional mutuals;
- lastly, they are presented by the Groupama SA Chief Executive Officer for approval by Groupama SA's Board of Directors' meeting voting on proposed amendments by simple majority after seeking the opinion of the Agreements Committee.

The amendments made to the reinsurance agreement over the past two decades were prompted by one of two factors:

- either by changes in the structure of the mutuals (successive combinations, opening up the membership and takeover of the non-agricultural risk portfolio previously managed by the Samda subsidiary) that changed their size and therefore their holding capacity;
- or because of experiencing the results of some risk categories (major weather-related events, imbalance in industrial risks, etc.) requiring greater empowerment of the mutuals in terms of underwriting control and the costs of claims by increasing their holdings in those areas.

After instruction and approval of the project by the CEG, the proposal by the Executive Management of Groupama SA to modify the general reinsurance regulations of the regional mutuals with effect from 1 January 2014, so that it supports the major objective of recovery of the Group's operational profitability, was accepted by the Groupama SA Board of Directors on 12 December 2013.

The amendment not only seeks to clarify the economic challenges facing internal reinsurance and to bring its structures into line with market practice, with the aim of facilitating their uptake by operational managers, but also, and primarily, to increase the level of involvement of the regional mutuals in the quality of their technical results.

As indicated previously, the reinsurance agreement encompasses all the risks underwritten by the regional mutuals. It is designed to take into account both the overall balance between them and their specific characteristics in terms of cover needs. To that end, all the risks are subject to classification, which makes it possible to differentiate amongst the reinsurance solutions offered while ensuring inter-company consistency.

(b) Classification of reinsured risks

Risks are classified into two groups of reinsurance segments, depending on the nature of their need for protection, which is based on their degree of volatility. Classification of risks is carried out in two groups of reinsurance segments:

SEGMENTS OF GROUP 1

The first group consists of the following segments:

- Automobile/Personal Liability – Miscellaneous Liability;
- Professional liability;
- Fire insurance;
- Life insurance;
- Health insurance.

Given their characteristics, the segments of the first group are subject to relatively similar reinsurance terms as well as the allocation to each regional mutual of a share in profits calculated on all profits yielded by it in proportion for these segments.

THE OTHER SEGMENTS

These are risks that, given their significant specificities, are covered by highly varied types of reinsurance, mainly:

- Storms;
- Crops;
- Natural Disasters;
- Construction;
- Long-Term Care;
- Forests;
- Attacks (as defined by the French GAREAT pool).

The price of reinsurance of each regional mutual may take into account the quality of the yielded profits, in a manner adapted to the characteristics of each segment, by applying common rules.

Regardless of the considered risks, Groupama SA's stake in claims with respect to the various forms of reinsurance provided for by the general regulations (quota share, excess claims, or excess annual loss) falls within the limit of the scope of covered risks and exclusions and within the limit of its share in the maximum coverage amounts per insurance object, as set each year by Groupama SA particularly on the basis of its own external reinsurance conditions.

AS INDICATED ABOVE, ALL THE RISKS ARE COVERED BY QUOTA SHARE REINSURANCE, THE RATE OF WHICH VARIES ACCORDING TO THE RISKS

Such outward reinsurance operates on transactions net of non-proportional protection for segments that covered by it, with the exception of the "natural disasters" segment.

Groupama SA's stake in claims falls within the previously indicated limits but has no "aggregate" limitation, except in forest insurance, where the protections apply on an annual accumulation of claims equal to no more than 15% of the insured capital declared to Groupama SA.

For the storm segment, in order to permit the balance of quota share transactions (taking into account the cost of the excess protection and the commission paid), the quota share outward premiums basis is normalised. This normalisation is done on the basis of a national percentage applied to total fire + storm premiums (= base of the excess). This national percentage is adjusted according to the weight of the history of storm claims net of excess of each mutual compared with its weight in the national fire + storm premium income.

In "natural disasters", the "premium transfer basis" calculated to take account of the rate of deduction of the fund for prevention of major natural hazards is 88%.

THE "ORIGIN" BUSINESSES OF THE REGIONAL MUTUAL BEFORE QUOTA SHARE TRANSFER ARE COVERED BY EXCESS CLAIM OR EXCESS ANNUAL LOSS PROTECTIONS FOR THE SEGMENTS CONCERNED

In addition, the regional mutual is covered for excess annual losses, across both the storm and crop segments, protecting the accumulation of claims kept below the non-proportional protection threshold of each segment.

For the coverage of claims by these various non-proportional protections, the rules already described apply in the same way: application of limitations relating to the field of covered risks, exclusions, maximum amounts of commitments by risk object defined and specified annually by Groupama SA.

When the regional mutual wishes to issue a guarantee outside of the scope of the covered risks, or for an amount that exceeds the limits laid down by the general regulations, it ask Groupama SA for optional reinsurance coverage, which is acquired only after express approval and on the basis of the conditions set in this framework.

The non-proportional reinsurance thresholds are established for all the regional mutuals (depending on the two classifications by mutual and by segment) according to the collective decision-making procedure mentioned in paragraph 1.1, on the basis of studies and simulations examined by the "reinsurance" working group aiming to verify the sensitivity of the holdings of the mutuals at their level, taking into account the effects in terms of cost.

With regard to excess claims, except in cases of more substantial modification, the thresholds are indexed on an annual basis according to price indices specific to the risks involved.

For the operation of reinsurance for excess claims, the regional mutual may generally establish by segment a single event of all the claims entitled to compensation, regardless of the number of policies or guarantees involved, resulting from the same cause of loss and occurring during a continuous period.

(c) Retrocession

Outward reinsurance by the mutuals with a central reinsurer does not deplete the capacities for pooling and retention within the Group. Given their level of equity, the mutuals have the capacity to bear a portion of the risk offset nationally, and protected by outside reinsurance. They become in turn the reinsurer of Groupama SA.

This allows the total results of the highest risks of reinsurance risks accepted to be shared between Groupama SA and the mutuals, and lowers the thresholds for assigning risks to third party reinsurers.

It is for that purpose that Groupama SA conveys back to the mutuals part of the profit/loss from its total inward reinsurance, net of the effect of outside coverage, in the only reinsurance risks or forms showing volatility justifying this use of additional mutual insurance.

Groupama SA's quota share inward reinsurance business is thus not affected by retrocession, with the exception of the natural disasters and crops segments.

A significant percentage of the inward reinsurance business is retroceded, in particular:

- 20 to 30% depending on the risks, the excess claims of the segments of the first group, construction and storms, and excess annual losses in crops/hail;
- 35% of the quota share in crops and 7% of the quota share in natural disasters.

Transactions that are the subject of a retrocession are divided amongst the regional mutuals in proportion to the gross premiums.

Aside from its effect on internal mutual insurance, retrocession raises the awareness of and directly involves the mutuals community in the balances of their different outward reinsurance operations with Groupama SA, and as such constitutes an additional regulatory factor.

(d) Amounts involved in fiscal year 2015

It should be noted that non-life premiums earned, policy servicing expenses, acquisition costs and administrative expenses include inward reinsurance, with respect to Groupama SA, from the regional mutuals under the internal reinsurance agreement.

The amounts accepted for these different transactions break down as follows:

(in millions of euros)	31.12.2015	31.12.2014
Non-life premiums earned	1,962	1,946
Policy servicing expenses	(1,193)	(1,341)
Acquisition costs	(152)	(148)
Administrative expenses	(152)	(148)

As at 31 December 2015, the overall retrocession result was -€21 million.

(in millions of euros)	31.12.2015	31.12.2014
Expenses on internal retrocession	(110)	(99)
Income on internal retrocession	89	112

IN SUMMARY

This entire presentation can be summed up as follows:

- the reinsurance agreement is a coherent and balanced whole that must be assessed in terms of its intended purpose and overall effects and not by isolating any one of its components from this context; in any event, this attempt at placing the agreement in perspective is not opposed to a segmented, technical approach to risks and to the reinsurance terms associated with them *(see above)*;
- the internal insurance terms currently applicable are the result of adjustments made over time to make this system fully effective in terms of its economic purpose of offsetting and controlling risks;
- the ongoing pursuit of this purpose has resulted in involving Groupama SA in the insurance business of the Groupama regional mutuals in a balanced and controlled way.

The premium income from reinsurance earned by Groupama SA with the regional mutuals amounted to a total of €1,962 million in 2015.

2.2 - Groupama Gan Vie

Relations between Groupama Gan Vie and the regional mutuals are governed by an identical bilateral agreement for each of the regional mutuals.

The purpose of this agreement is the distribution and management by the regional mutuals of individual life and group insurance policies from Groupama Gan Vie.

With regard to distribution, Groupama Gan Vie sets the marketing, subscription and pricing rules for the products as well as the contract documents and the communications media. The regional mutuals are responsible for sales relationships with customers.

At the management level, the regional mutuals must provide all administrative functions, including medical management, within certain limits including amounts, and in accordance with the conditions defined by Groupama Gan Vie.

The regional mutuals are required to comply with a number of ethical rules, particularly governing the treatment of health cases and the prevention of money laundering.

Groupama Gan Vie is authorised to conduct on-site audits of documents and conditions under which the marketing and management functions are exercised.

In personal life insurance, the distribution and management of the regional mutuals are remunerated on the basis of three factors: for all products, a mark-up on premiums and, for certain products, a fee on the outstanding amount (savings and pension products), and a fee based on the regional policy income (protection products) designed to involve the regional mutual in the quality of its management.

Groupama Gan Vie posted premium income under this agreement in individual life insurance of €972.9 million in 2015. The fees earned by the regional mutuals amounted to €107.6 million.

In group insurance, the regional mutuals' distribution and management are remunerated on the basis of several factors: mark-up on premiums, mark-up on outstanding amounts for certain products, fees based on regional net profit on all death risks and fees on development agreements.

Groupama Gan Vie posted premium income under this group insurance agreement of €30.8 million in 2015. The fees earned by the regional mutuals amounted to €5.1 million.

2.3 - Groupama Banque

The relationships between Groupama Banque and the regional mutuals have been governed since the bank was founded in late 2002/early 2003 by identical bilateral agreements that break down into two components:

(a) A general marketing and management agreement

The general agreement defines the respective roles of the bank and the regional mutual. The latter is licenced by Groupama Banque to market its offer under a temporary banking license defining a limited number of banking operations that the mutual is permitted to perform. The operations concerned are preparation or support for banking transactions, given that Groupama Banque is the sole party authorised to carry out banking operations in the strict sense.

The regional mutuals underwrite a certain number of commitments aimed at achieving the banking business growth plan in a controlled manner: mobilising the necessary workforce and seeing to it that they are trained, applying the quality charter, deploying an internal control system as well as a system to fight money laundering, etc.

This agreement, which has an initial life of five years, may be renewed by 1-year terms.

(b) An annual marketing and management agreement

This agreement supplements the general agreement on the points needing periodic updating: annual production targets of the regional mutual, compensation, quality objectives, etc.

The regional mutuals are compensated from the net banking income generated by the products held by customers less the payment processing costs and a percentage of the distribution costs related to the bank's remote sales centre.

The net banking income earned by Groupama Banque under its agreements amounted to €60.7 million in 2015. The fees earned by the regional mutuals amounted to €17.2 million.

2.4 - Groupama Supports and Services (G2S)

The purpose of Groupama Supports & Services is to facilitate the economic activities of its members, improve or increase the results of these activities by sharing and optimising IT, logistics and purchasing activities.

To this effect, the role of G2S is to:

- undertake any preliminary studies and perform, at the request of its members, all the IT work necessary for the exercise of their business;
- ensure the operation and maintenance of IT systems on behalf of its members;
- lease and manage buildings occupied by at least one member;
- provide its members with all general services;
- assist its members with their purchasing strategy and relationships with group suppliers.

Most services provided by this inter-company venture are exempt from VAT, except for services corresponding to the supply of goods.

The members of the G2S venture, which are not charged VAT, are mainly the regional mutuals, Groupama SA, its French insurance subsidiaries, Groupama Banque and other GIEs of the Group. Non-member clients, which are charged VAT, are mainly group financial management companies and international subsidiaries and, where appropriate, entities outside the Group affiliated through partnership agreements with Groupama.

IT services provided by G2S to group entities are invoiced based on the following principles:

- G2S, as a non-profit inter-company venture, invoices all of its costs, whether they be its own operating costs, costs that are charged by other group entities or costs of technical resources acquired on behalf of third parties;
- all costs are spread over a defined list of services (operating services, project services) that cover all areas of operation of the inter-company venture. Invoiced amounts are determined based on the following conditions:
  - charged directly when possible,
  - otherwise, according to allocation keys that can be modified each fiscal year if necessary, the principle of which is determined by G2S for each cost category based on significant criteria.

Special governance was put into place to ensure the relevance and stability of these invoicing keys. These are reviewed regularly by two different advisory bodies, depending on the nature of the services.

Operating services are reviewed by the "Keys Committee" which brings together IT Managers from member companies of the inter-company venture and the various services of the venture in charge of developing and implementing invoicing keys.

For projects, invoicing keys are reviewed by "Business Domain Committees".

Any proposed amendment issued by one of these committees is subject to approval by the Board of Directors of the inter-company venture. Furthermore, a review of the invoicing keys is carried out with the management controllers of G2S for validation of the distribution of the final invoice, and with the Tax Department to ensure compliance with the VAT regulations.

The auditors also ensure the expenses of the venture undergo correct analytical allocation for billing.

Based on the provision above, €348.1 million excluding taxes were billed as at 31 December 2015, €96.3 million of which to the regional mutuals.

2.5 - Other agreements

The amount of premium income generated by the other agreements entered into between the subsidiaries of Groupama SA and the regional mutuals in the areas of assistance, legal protection, employee savings and asset management proved immaterial for Groupama SA.

3 - Financing of large programmes

Groupama SA participates in the financing of major community programmes by paying subsidies to the regional mutuals designed as incentives for them to implement an overall policy in the general interest.

This system results from the Group's decentralised structure and from the role played in it by Groupama SA, which manages the Group and reinsures the regional mutuals.

3.1 - Operational structure of a decentralised organisation

In a so-called decentralised organisation, the central body arises from the regional level; its role is to embody the collective will and steer the resulting policies, but from a legal standpoint, it does not have the power to impose those policies at regional level. Financing is one lever used to facilitate the implementation of the Group policies.

Moreover, the programmes stemming from these policies usually generate high costs in the beginning with regard to the financial coverage of the regional mutual, with no immediate counterparty, and involve a business risk making the return on investment random. At the level of a regional mutual, implementing such programmes using its own resources seems contrary to its interests, at least in the short term.

Pooling the financing by Groupama SA makes it possible to remove this obstacle and to re-establish within the combination consisting of the regional mutuals the national dimension that would exist were this combination not legally divided into regional mutuals.

3.2 - Interest of the central reinsurer in expanding the business lines of the regional mutuals

As indicated above (see section 1.1), the reinsurance relationship between Groupama SA and the regional mutuals creates a powerful community of interests amongst them. Groupama SA itself has a major interest not only in the economic and financial balance of the mutuals but also in their growth, in which it participates in proportion to the non-life insurance business transferred. Hence it is directly in the interests of Groupama SA to participate in some expenses incurred in expanding the regional mutuals.

3.3 - A rational, efficient system

To qualify for financing by Groupama SA, a programme must meet several conditions:

- it must be part of the strategy defined by the Group;
- it must represent for most of the regional mutuals a financial expense that acts as a disincentive that would prevent them from financing the programme alone;
- it must have the potential to be replicated in all the regional mutuals.

The financing is discontinued once it ceases to be necessary.

This system has demonstrated its effectiveness in the past few years. Two major programmes have already achieved significant results:

- from 1999 to 2007, CCAMA, then Groupama SA, financed a new individual supplemental health insurance product, which has enabled the regional mutuals to have an innovative product and to stand out from the competition. It should be noted that when this business line broke even financially in 2007, Groupama SA's financial monitoring came to an end;
- designed and implemented with financing from CCAMA in the early nineties, the SIGMA non-life management system was gradually deployed in the regional mutuals with the financial support of CCAMA, then of Groupama SA. Today this system is deployed in all the regional mutuals, which keeps maintenance costs down and makes it easier to consider having common insurance products at the national level.

Since then, as part of the convergence research undertaken over many years, the community computer expenses programme involves 100% financing for exceptional projects and accounts closing, and 50% payment of the cost of the regional mutuals' merging-migrating and the cost of streamlining and developing community management tools (IAS-IFRS, archives, etc.). In 2015, Groupama SA therefore contributed €2.0 million, net of corporate income tax.

Another programme has been under way since 2004: support for the deployment of the retail banking business in the regional mutuals. This business requires a major effort on the part of the regional mutuals, especially in terms of sales force training and management. The subsidies related to achieving sales objectives are designed to end when the retail banking business reaches its financial breakeven point. For the fiscal year 2015, the amount of financial support devoted to deploying the banking business came to a total of €4.9 million, net of corporation tax.

In addition, from 2007 to 2013, Groupama SA helped fund the effort to support and promote more widely the Groupama brand name spearheaded by the regional mutuals through sponsoring of high-profile athletic teams in football, rugby and basketball. This contribution ended with the 2013-2014 season.

Lastly, for the first time in 2015, Groupama SA has assumed responsibility for the costs resulting from the issue of mutual insurance certificates for the regional mutuals. In fact, in 2016 Groupama SA will pay a maximum subsidy of €0.15 million in respect of mutual insurance certificates issued in 2015 by a regional mutual.

Funding of major national programmes is subject to review by the Agreements Committee before being authorised by the Groupama SA Board of Directors.

NOTE 45 EMPLOYEES OF CONSOLIDATED COMPANIES

This note is presented in § 1.5.2 of this registration document.

NOTE 46 COMMITMENTS GIVEN AND RECEIVED

Note 46.1 - Commitments given and received – banking business

(in millions of euros)	31.12.2015	31.12.2014
Financing commitments received		
Guarantee commitments received	629	557
Securities commitments receivable		
Total commitments received on banking business	**629**	**557**
Commitments received on currency transactions		
Other commitments received		
Total other commitments received on banking business		
Financing commitments given	570	481
Guarantee commitments given	17	21
Commitments on securities to be delivered		
Total commitments given on banking business	**587**	**502**
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	917
Total other commitments given	**1,446**	**917**

Off-balance sheet commitments received on banking business amounted to €629 million.

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

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

Note 46.2 - 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	858	784
Total commitments received, excluding reinsurance	**939**	**874**
Commitments received for reinsurance	**475**	**446**
Endorsements, bonds, and guarantees given	329	328
Other commitments on securities, assets, or income	453	472
Other commitments given	826	57
Total commitments given excluding reinsurance	**1,608**	**857**
Reinsurance commitments given	**4,475**	**4,479**
Securities belonging to mutuals		
Other securities held on behalf of third parties		

Endorsements, securities and guarantees received totalled €81 million.

Other commitments received excluding reinsurance for €858 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.

Endorsements, securities and guarantees given totalled €329 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 €453 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 €826 million. They mostly consist of the following elements:

- securities given as collateral in respect of the collateralisation mechanism put in place to guarantee the unrealised losses on derivatives recorded in other off-balance-sheet commitments, amounting to €712 million of securities given as collateral;
- and by sale agreements primarily from the Groupama Gan Vie subsidiary for close to €72 million.

Unvalued commitments

Trigger clauses:

Furthermore, in conjunction with issues of subordinated instruments ("TSR" and "TSDI"), Groupama SA has trigger clauses:

Groupama SA is entitled to defer payment of interest on the October 2009 TSR of €750 million should the Group solvency margin fall below 100%.

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

NOTE 47 RISK FACTORS AND SENSITIVITY ANALYSES

This note is presented in section 4.2 of the registration document.

NOTE 48 LIST OF ENTITIES IN THE SCOPE OF CONSOLIDATION AND MAJOR CHANGES TO THE SCOPE OF CONSOLIDATION

The main changes in the scope of consolidation are the following:

Newly consolidated entities

SCI Uni Anges has entered the scope of consolidation together with 4 mutual funds.

Eliminations from the scope of consolidation

2 real estate companies have left the scope of consolidation following their absorption.

3 mutual funds were removed from the consolidation scope.

Transfer of activity

None.

			31.12.2015			31.12.2014		
	Business sector	Country	% control	% interest	Method	% control	% interest	Method
GROUPAMA S.A.	Holding	France	100.00	100.00	Parent company	100.00	100.00	Parent company
GIE GROUPAMA Supports et Services	EIG	France	99.99	99.99	FC	99.99	99.99	FC
GROUPAMA GAN VIE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN PATRIMOINE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CAISSE FRATERNELLE D'ÉPARGNE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.99	99.99	FC	99.99	99.99	FC
ASSUVIE	Insurance	France	50.00	50.00	FC	50.00	50.00	FC
GAN PRÉVOYANCE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSURANCE CREDIT	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	100.00	FC	100.00	100.00	FC
GAN ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN OUTRE MER	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
AMALINE ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
LA BANQUE POSTALE IARD	Insurance	France	35.00	35.00	EM	35.00	35.00	EM
CEGID	Insurance	France	26.89	26.89	EM	26.89	26.89	EM
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GÜNES SIGORTA	Insurance	Turkey	36.00	36.00	EM	36.00	36.00	EM
GROUPAMA SIGORTA	Insurance	Turkey	98.99	98.99	FC	98.99	98.99	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	100.00	99.56	FC	100.00	99.56	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	100.00	FC	100.00	100.00	FC
STAR	Insurance	Tunisia	35.00	35.00	EM	35.00	35.00	EM
GROUPAMA ZASTRAHOVANE NON LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA GARANCIA BIZTOSITO	Insurance	Hungary	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PHOENIX Hellenic Asphalistike	Insurance	Greece	100.00	100.00	FC	100.00	100.00	FC

			31.12.2015			31.12.2014		
	Business sector	Country	% control	% interest	Method	% control	% interest	Method
GROUPAMA AVIC PROPERTY INSURANCES CO	Insurance	China	50.00	50.00	EM	50.00	50.00	EM
GUK BROKING SERVICES	Holding	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
CAROLE NASH	Brokerage	United Kingdom	90.00	90.00	FC	90.00	90.00	FC
BOLLINGTON LIMITED	Brokerage	United Kingdom	49.00	49.00	EM	49.00	49.00	EM
MASTERCOVER Insurance Services Limited	Brokerage	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
COMPUCAR LIMITED	Brokerage	United Kingdom	49.00	49.00	EM	49.00	49.00	EM
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SEGUROS PORTUGAL	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSET MANAGEMENT	Portf. mgmt	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA BANQUE	Banking	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ÉPARGNE SALARIALE	Portf. mgmt	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA IMMOBILIER	Banking	France	100.00	100.00	FC	100.00	100.00	FC
HOLDCO	Property	France	24.93	24.93	EM	24.93	24.93	EM
ICADE	Property	France	51.94	12.95	EM	51.94	12.95	EM
COMPAGNIE FONCIÈRE PARISIENNE	Property	France	95.32	95.32	FC	95.32	95.32	FC
SCI DÉFENSE ASTORG	Property	France	100.00	95.32	FC	100.00	95.32	FC
GAN FONCIER II	Property	France	100.00	100.00	FC	100.00	100.00	FC
IXELLOR	Property	France	100.00	100.00	FC	100.00	100.00	FC
79 CHAMPS ÉLYSÉES	Property	France	91.21	91.21	FC	91.21	91.21	FC
RENNES VAUGIRARD	Property	France	100.00	100.00	FC	100.00	100.00	FC
SOCIÉTÉ FORESTIÈRE GROUPAMA	Property	France	87.67	87.67	FC	87.67	87.67	FC
OPCI OFI GB2	Mutual fund	France	100.00	95.32	FC	100.00	95.32	FC
SCI GAN FONCIER	Property	France	100.00	98.92	FC	100.00	98.92	FC
VICTOR HUGO VILLIERS	Property	France	100.00	98.92	FC	100.00	98.92	FC
1 BIS FOCH	Property	France	100.00	98.92	FC	100.00	98.92	FC
SCI TOUR GAN	Property	France				100.00	98.92	FC
16 MESSINE	Property	France	100.00	98.92	FC	100.00	98.92	FC
40 RENÉ BOULANGER	Property	France	100.00	98.92	FC	100.00	98.92	FC
9 MALESHERBES	Property	France	100.00	98.92	FC	100.00	98.92	FC
97 VICTOR HUGO	Property	France	100.00	98.92	FC	100.00	98.92	FC
44 THEATRE	Property	France	100.00	98.92	FC	100.00	98.92	FC
SCI UNI ANGES	Property	France	100.00	100.00	FC			
261 RASPAIL	Property	France	100.00	95.32	FC	100.00	95.32	FC
5/7 PERCIER (SASU)	Property	France				100.00	100.00	FC
GAN INVESTISSEMENT FONCIER	Property	France	100.00	100.00	FC	100.00	100.00	FC
SCA CHATEAU D'AGASSAC	Property	France	25.00	25.00	EM	25.00	25.00	EM
LES FRÈRES LUMIÈRE	Property	France	100.00	100.00	FC	100.00	100.00	FC
CAP DE FOUSTE (SCI)	Property	France	61.31	61.31	EM	61.31	61.31	EM
150 RENNES (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
DOMAINE DE NALYS	Property	France	69.57	69.57	EM	69.57	69.57	EM
99 MALESHERBES (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
3 ROSSINI (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
CHAMALIÈRES EUROPE (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC

			31.12.2015			31.12.2014		
	Business sector	Country	% control	% interest	Method	% control	% interest	Method
102 MALESHERBES (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
PARIS FALGUIÈRE (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
DOMAINE DE FARES	Property	France	31.25	31.25	EM	31.25	31.25	EM
12 VICTOIRE (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
LABORIE MARCENAT	Property	France	64.52	64.52	EM	64.52	64.52	EM
SCIMA GFA	Property	France	44.00	44.00	EM	44.00	44.00	EM
38 LE PELETIER (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PIPACT	Property	France	31.91	31.91	EM	31.91	31.91	EM
ASTORG STRUCTUR GAD D	Mutual fund	France	99.99	99.99	FC	99.99	99.99	FC
ASTORG CTT D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA AAEXA D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG EURO SPREAD D	Mutual fund	France	99.73	99.73	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 6 FCP	Mutual fund	France				100.00	100.00	FC
WASHINGTON EURO NOURRI 13 FCP	Mutual fund	France				100.00	100.00	FC
WASHINGTON EURO NOURRI 14 FCP	Mutual fund	France	99.74	99.74	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA CONVERTIBLES ID D	Mutual fund	France	86.39	86.39	FC	89.17	89.17	FC
GROUPAMA ENTREPRISES IC C	Mutual fund	France	22.79	22.79	EM	30.96	30.96	EM
GROUPAMA CREDIT EURO IC C	Mutual fund	France	70.01	70.01	FC	74.78	74.78	FC
GROUPAMA CREDIT EURO ID D	Mutual fund	France	59.08	59.08	FC	57.25	57.25	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 17 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual fund	France	99.88	99.88	FC	100.00	100.00	FC
GROUPAMA OBLIGATION MONDE I C	Mutual fund	France	86.81	86.81	FC	86.56	86.56	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual fund	France	99.64	99.64	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 22 FCP	Mutual fund	France	99.88	99.88	FC	99.88	99.88	FC
WASHINGTON EURO NOURRI 23 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 24 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG STRUCTUR LIFE D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG TAUX VARIABLE D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
PROFIL GAGNANT C	Mutual fund	France	21.28	21.28	EM			
GROUPAMA EONIA IC C	Mutual fund	France	23.68	23.68	EM	38.58	38.58	EM
GROUPAMA FP DETTE ÉMERGENTE G D	Mutual fund	France	91.02	91.02	FC	88.88	88.88	FC
ASTORG PENSION D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG CASH MT D	Mutual fund	France	99.32	99.32	FC	98.96	98.96	FC
ASTORG CASH G D	Mutual fund	France				98.73	98.73	FC
GROUPAMA CREDIT EURO GD D	Mutual fund	France	44.37	44.37	EM	44.37	44.37	EM
GROUPAMA CREDIT EURO LT G D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 1 D	Mutual fund	France	99.32	99.32	FC	96.11	96.11	FC
ASTORG THESSALONIQUE 2 D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 3 D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 4 D	Mutual fund	France	99.78	99.78	FC	100.00	100.00	FC

			31.12.2015			31.12.2014		
	Business sector	Country	% control	% interest	Method	% control	% interest	Method
ASTORG THESSALONIQUE 5 D	Mutual fund	France	99.56	99.56	FC	100.00	100.00	FC
ASTORG MONÉTAIRE C	Mutual fund	France	98.12	98.12	FC	98.75	98.75	FC
ASTORG DIV MONDE D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA CASH EQUIVALENT G D	Mutual fund	France	100.00	100.00	FC			
ASTORG REPO INVEST D	Mutual fund	France	100.00	100.00	FC			
G FUND – EUROPEAN CONVERTIBLE BONDS GD D	Mutual fund	France	94.50	94.50	FC			

FC: Full integration.
EM: Equity method.

Certain real estate entities are consolidated using the equity method under a “simplified” process. This consists of reclassifying on the balance sheet the value of the units and the financing current account in the line item “property investments” and reclassifying in the income statement the dividends or share in the results of the companies on the “Income from property” line item.

6.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

(Year ended 31 December 2015)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
Tour Exaltis
61, rue Henri-Régnault
92400 Courbevoie

To the Shareholders,

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

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

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

I – OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2013 and of the results of its operations for the year, in accordance with International Financial Reporting Standards as adopted by the European Union.

II – JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- certain technical items specific to insurance and reinsurance recorded under assets and liabilities in the Company's consolidated accounts have been estimated on statistical and actuarial bases, in particular technical reserves, deferred profit sharing, deferred acquisition costs and values in force. The methods used to determine these items are described in sections 3.1.2 and 3.12 of the accounting principles and methods, as well as in Notes 3, 13, 14, 25 and 26 in the notes to the consolidated accounts. We assessed the reasonableness of the assumptions used in the calculation models, based on the Group's experience, its regulatory and economic environment and the consistency of these assumptions taken as a whole;
- goodwill is subject to recoverability tests carried out at each inventory date in accordance with the methods described in section 3.1.1 of the accounting principles and methods and in Note 2 to the consolidated accounts. We examined the conditions for performing these impairment tests, as well as the cash flow projections, assumptions used and sensitivity tests, and we ensured that the notes to the consolidated financial statements contained appropriate disclosures;
- financial assets and derivative instruments are recognised and valued in accordance with the methods described in sections 3.2.1 and 3.3 of the accounting principles and methods and in Notes 6 and 8 of the Notes to the consolidated accounts. We reviewed the consistency of the classification applied with the documentation prepared by the Group. We assessed the appropriateness of the methods used for depreciating equity instruments classified as available for sale assets, and verified their proper application.

These assessments were made as part of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – SPECIFIC VERIFICATION

As required by law and in accordance with the professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 18 March 2016

The statutory auditors

PricewaterhouseCoopers Audit	Mazars	
Éric Dupont	Jean-Claude Pauly	Nicolas Dusson

6.3 ANNUAL FINANCIAL STATEMENTS AND NOTES

6.3.1 BALANCE SHEET

Assets

(in thousands of euros)	Notes	Net amount 31.12.2015	Net amount 31.12.2014
Intangible assets	**Note 4**	**11,996**	**11,495**
Investments		**10,006,032**	**9,672,754**
Land and buildings	Note 5.1	443,750	469,302
Investments in related companies and companies with equity-linked interest	Note 5.2	7,464,265	7,647,346
Other investments	Note 5.3	2,098,017	1,556,106
Share of outward reinsurers and retrocessionaires in technical reserves	**Note 6**	**978,581**	**940,844**
Reserves for unearned premiums		9,617	135
Reserves for claims (Non-life)		769,341	775,279
Reserves for profit sharing and rebates (Non-life)		333	333
Equalisation reserves		3,889	3,637
Other technical reserves (Non-life)		195,401	161,460
Receivables	**Note 7**	**661,676**	**620,680**
Receivables relating to direct insurance operations		44,439	55,117
Receivables relating to reinsurance transactions		463,867	372,764
Other receivables		153,370	192,799
Other assets		**76,843**	**106,083**
Tangible operating assets		1,271	1,021
Cash and equivalents		75,572	105,062
Accruals – Assets	**Note 8**	**65,230**	**37,219**
Unrealised foreign exchange adjustments			
TOTAL ASSETS		**11,800,358**	**11,389,075**

Liabilities

(in thousands of euros)	Notes	Net amount 31.12.2015	Net amount 31.12.2014
Shareholders' equity	**Note 9**	**2,350,140**	**2,280,168**
Share capital		1,686,569	1,686,569
Additional paid-in capital		103,482	103,482
Other reserves		168,923	168,924
Retained earnings		321,193	359,938
Net income for fiscal year		69,973	(38,745)
Subordinated debt	**Note 10**	**2,265,950**	**2,320,223**
Gross technical reserves	**Note 11**	**4,596,820**	**4,386,318**
Reserves for unearned premiums		197,455	182,154
Reserves for claims (Non-life)		3,249,482	3,127,272
Reserves for profit sharing and rebates (Non-life)		809	948
Equalisation reserves		154,630	148,118
Other technical reserves (Non-life)		994,444	927,826
Reserves for contingencies and charges	**Note 12**	**149,310**	**138,701**
Payables for cash deposits received from outward reinsurers and retrocessionaires representing technical commitments		**191,592**	**181,787**
Other liabilities	**Note 13**	**2,225,863**	**2,072,213**
Debts arising from direct insurance operations		13,912	9,303
Debts relating to reinsurance transactions		239,051	187,851
Bonds (including convertible bonds)		993,496	967,587
Debt to credit institutions		28	34
Other debts		979,376	907,438
Accruals – Liabilities	**Note 14**	**20,683**	**9,665**
Unrealised foreign exchange adjustments		**0**	**0**
TOTAL LIABILITIES		**11,800,358**	**11,389,075**

6.3.2 OPERATING INCOME STATEMENT

(in thousands of euros)	Gross transactions	Outward reinsurance and retrocessions	Net transactions 2015	Net transactions 2014
Earned premiums	**2,274,444**	**532,734**	**1,741,710**	**1,715,400**
Premiums	2,280,492	532,741	1,747,751	1,704,691
Change in unearned premiums	(6,048)	(7)	(6,041)	10,709
Income from allocated investments	**50,277**		**50,277**	**4,013**
Other underwriting income	**1,413**		**1,413**	**3,320**
Claims expenses	**(1,386,361)**	**(199,778)**	**(1,186,583)**	**(1,305,263)**
Benefits and expenses paid	(1,326,548)	(266,077)	(1,060,471)	(1,136,018)
Expenses for claims reserves	(59,813)	66,299	(126,112)	(169,245)
Expenses for other technical reserves	**(61,826)**	**(29,743)**	**(32,083)**	**(25,632)**
Profit sharing	**(571)**		**(571)**	**(863)**
Acquisition and administrative costs	**(444,666)**	**(38,765)**	**(405,901)**	**(398,236)**
Acquisition costs	(246,616)		(246,616)	(239,502)
Administrative costs	(198,050)		(198,050)	(194,230)
Commissions received from reinsurers		(38,765)	38,765	35,496
Other underwriting expenses	**(165,845)**		**(165,845)**	**(171,494)**
Change in reserve for equalisation	**(6,513)**	**(252)**	**(6,261)**	**(12,520)**
OPERATING PROFIT FROM NON-LIFE INSURANCE	**260,352**	**264,196**	**(3,844)**	**(191,275)**

6.3.3 NON-OPERATING INCOME STATEMENT

(in thousands of euros)	Notes	2015 net transactions	2014 net transactions
Operating profit from Non-life insurance		**(3,844)**	**(191,275)**
Investment income	**Note 18**	**625,582**	**609,747**
Income from investments		358,646	262,331
Other investment income		251,611	321,991
Profits on the sale of investments		15,325	25,425
Investment expenses	**Note 18**	**(543,101)**	**(603,025)**
Internal and external investment management costs		(228,002)	(235,615)
Other investment expenses		(207,870)	(167,671)
Losses on the sale of investments		(107,229)	(199,739)
Transferred investment proceeds		**(50,277)**	**(4,013)**
Other non-technical income and expenses	**Note 19**	**(1,181)**	**(2,673)**
Extraordinary income	**Note 20**	**(38,669)**	**(31,594)**
Employee profit-sharing			
Income tax	**Note 21**	**81,463**	**184,088**
NET INCOME FOR FISCAL YEAR		**69,973**	**(38,745)**

6.3.4 RESULTS OF THE PAST FIVE FISCAL YEARS

(in euros)	2011	2012	2013	2014	2015
I. Ending financial position					
a) Share capital	1,686,569,399	1,686,569,399	1,686,569,399	1,686,569,399	1,686,569,399
b) Number of existing shares	329,086,712	329,086,712	329,086,712	329,086,712	329,086,712
c) Number of bonds convertible into shares					
II. Transactions and net income for fiscal year					
a) Premiums for the fiscal year	2,179,799,113	2,388,816,836	2,341,013,114	2,218,987,818	2,274,443,639
b) Income before tax, amortisation and reserves	317,397,258	(446,472,056)	(272,638,112)	(381,456,631)	(50,408,566)
c) Corporate income tax	(72,549,553)	(129,241,672)	(108,086,910)	(184,088,138)	(81,462,741)
d) Employee profit-sharing due for the year					
e) Income after tax, profit-sharing, amortisation and reserves	(235,698,495)	(696,605,564)	(338,263,557)	(38,744,754)	69,972,545
f) Distributed income					14,261,596
III. Income per share					
a) Income after tax and employee profit-sharing but before amortisation and reserves	1.18	(0.96)	(0.50)	(0.60)	0.09
b) Income after tax and employee profit-sharing, amortisation and reserves	(0.72)	(2.12)	(1.03)	(0.12)	0.21
c) Dividend allotted per share					0.04
IV. Personnel					
a) Number of employees	1,722	1,573	1,375	1,272	1,268
b) Amount of payroll costs	128,997,568	134,392,499	106,259,853	99,555,815	104,206,004
c) Amounts paid in employee benefits	67,939,456	66,599,606	52,534,274	53,856,163	55,028,695

The amount of the payroll and sums paid for employee benefits corresponds to the gross expense in the accounts of the de facto grouping before billing back to each of its members.

6.3.5 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

SUMMARY

1 SIGNIFICANT EVENTS OF THE YEAR

1.1 Changes in the strategic securities held by Groupama

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

On 12 February 2015, Groupama therefore sold its entire stake in the capital of Mediobanca to institutional investors for €120.4 million.

1.2 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.

1.3 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 CEO 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.

1.4 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.

2 POST-BALANCE SHEET EVENTS

2.1 Partnerships

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. These negotiations may result in the acquisition by Orange of 65% of Groupama Banque.

2.2 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 ACCOUNTING PRINCIPLES, RULES AND METHODS

Groupama SA's annual financial statements were drawn up and presented in accordance with the French Insurance Code as amended by Decrees no 94-481 and no 94-482 of 8 June 1994 and the Order of 20 June 1994 transposing Directive no 91-674/EEC of 19 December 1991 on the annual financial statements and consolidated accounts of insurance undertakings.

3.1 Technical operations

Groupama SA is engaged mainly in the following non-life insurance operations:

- business underwritten directly and that conducted within coinsurance and reinsurance groups;
- the reinsurance of each of the regional mutuals under the reinsurance agreement entered into with each of them;
- the reinsurance of other entities of the Group in France and internationally.

Since the Antilles Guyane regional mutual is not licensed to conduct insurance operations, Groupama SA directly replaces this mutual to cover these operations. Under this principle, the corresponding figures reported in the financial statements contain the information reported as "direct business" after deducting "custody of the regional mutual".

3.1.1 - Premiums

Premiums comprise:

- premiums written during the fiscal year, net of cancellations;
- variation in premiums still to be written;
- variation in premiums to be cancelled.

These premiums are corrected for variation in unearned premiums and constitute the amount of earned premiums.

3.1.2 - Reserve for unearned premiums

The reserve for unearned premiums for all policies in force at the fiscal year-end shows the share of premiums written and premiums yet to be written relating to the risk coverage in effect for the year or years following the reporting year.

3.1.3 - Acquisition and administration costs

These expenses mainly consist of:

- commissions paid by Groupama SA to the regional mutuals. These are determined pursuant to the provisions stipulated in the reinsurance agreement with the regional mutuals and are calculated based on the earned premiums that Groupama SA accepts from the regional mutuals;
- commissions assessed on direct business and other inward reinsurance business.

3.1.4 - Deferred acquisition costs

A portion of the overhead expenses of Groupama SA allocated for the acquisition of contracts and commissions on direct and accepted business is posted to assets on the balance sheet. This is the share of acquisition expenses pertaining to unearned premiums.

3.1.5 - Claims

The claims expense for the year consists mainly of:

- benefits and expenses paid for in connection with direct business or that accepted under reinsurance agreements which equate the claims paid net of remedies to be received for the year plus periodic annuity payments. They also include claims-related expenses. These claims also include periodic payments of annuities managed directly by Groupama SA, as well as management costs from the distribution of overhead expenses;
- the reserves for claims in direct business and inward reinsurance business represent the estimate, net of claims receivable, of the cost of all unpaid claims at the end of the year, both declared and undeclared. These reserves include charges for management fees determined on the basis of actual expense rates observed by Groupama SA;
- the estimated value of reserves for claims is based on an actuarial approach, defined in accordance with a group methodology. By means of valuations of final costs based on payment triangles or costs (by risk segment), it permits a determination of the sufficient and adequate amount of reserves for claims payable (in accordance with Article R. 331-5 of the French Insurance Code). This valuation incorporates the valuation of delinquent claims into its approach.

In construction risk, the reserve for claims yet to be made comprising direct claims and claims from the regional mutuals is two-pronged. One component is set aside for ten-year coverage for general liability and the other is for ten-year coverage for property damages. The amount allocated to the reserve is determined using the method set out by Article A. 331-21 of the French Insurance Code.

Outstanding claims reserves for payments made for traffic accidents occurring as from 1 January 2013 include the annual adjustment calculated in accordance with the order of 27 December 2013 with an inflation rate of 2.25%.

3.1.6 - Equalisation reserve

The reserve for equalisation can be established to cover exceptional charges relating to the risks set forth in Article R. 331-6-6 of the French Insurance Code by Decree no 2001-1280 of 28 December 2001 and by Article 39 *quinquies* G of France's General Tax Code as modified by Decree no 2002-1242 of 4 October 2002, which granted the scope of application of the reserve for equalisation of insurance coverage relating to attacks, terrorism and air transport. Groupama SA computes this reserve based on the share of risks it insures or reinsures or that is obtained through its share of the results owing to its shareholding in certain professional pools.

3.1.7 - Commitment reserve

A commitment reserve is recognised for losses of rents for estimated losses until the extinction of this risk. The risk corresponds to the difference between the estimations of premiums, claims and commissions.

3.1.8 - Other technical reserves

A reserve for unexpired risks is allocated when the estimated amount of claims (including management costs) that could be reported after the year end on policies written up before that date exceeds the reserve for unearned premiums.

The reserve for increasing risks is the difference between the current values of the commitments taken respectively by the insurer and by the policyholders for insurance operations covering health and disability risks. This reserve concerns the reserves formed in dependency insurance as well as those on direct business managed by Groupama SA.

The actuarial reserves for annuities are based on the discounted values of annuities and annuity ancillaries still owed at the inventory date. This item includes the reserves set aside against direct business and supplementary reserves on inward reinsurance business.

The actuarial reserves for annuities, as determined by the regional mutuals and accepted by Groupama SA, represent the actual value of their commitments relating to annuities plus their ancillary expenses. The tables applied to assess these reserves are computed with a financial discount and are based on demographic trends.

In life and health insurance, the methods for determining actuarial reserves that were introduced by the ministerial order of 28 March 1996 for temporary and permanent disability, are applied. For disability annuities in progress, the reserves are determined by applying maintenance tables from the Bureau Commun des Assurances Collectives (BCAC).

Regarding actuarial reserves for non-life annuity income, the business also incorporates the population's lengthening life expectancy. Consequently, actuarial reserves for additional non-life annuity income are posted at the balance-sheet close in order to calculate the principal to be paid to victims of bodily injury. These are now based on the TH/TF 2000-2002 mortality tables.

Pursuant to Article R. 331-5-1 of the French Insurance Code and Decree no 2008-1437 of 22 December 2008 and no 2013-717 of 2 August 2013, a reserve for liquidity risk is allocated when investments subject to Article R. 332-20, with the exception of amortisable securities that the Company is able and intends to hold until maturity, are found to be in a situation of overall net unrealised capital loss. This reserve is intended to deal with insufficient liquidity of investments, especially when there is a change in the pace at which claims are paid. Subject to compliance with the provisions of the French Insurance Code, which allow for an extended schedule for establishing this reserve, contributions to this reserve are spread out over three years.

3.1.9 - Inward reinsurance transactions

Inward reinsurance transactions are recognised according to the terms of Groupama SA's reinsurance agreement with its regional mutuals, reinsurance agreements entered into mainly with the Group's other entities and under the professional pools.

3.1.10 - Outward reinsurance and retrocessions

Outward reinsurance, mainly to reinsurers outside the Group, on accepted risks or direct insurance is accounted for under the terms of the various treaties. It may be supplemented by estimates if the current accounts with those reinsurers are incomplete at the end of the fiscal year. The securities taken as collateral by the reinsurers (outward reinsurers or retrocessionaires) are recorded in the statement of commitments received and given.

Pursuant to the reinsurance agreement, Groupama SA makes retrocessions with regional mutuals on various risks accepted or direct insurance; those transactions are recorded pursuant to the reinsurance agreement signed between Groupama SA and the regional mutuals.

3.2. Investments

3.2.1 - Entry costs and valuation at year-end

(a) Land and buildings, shares in real-estate investment companies (SCIs)

Buildings and shares in unlisted SCIs are recorded at their purchase or cost price.

Pursuant to Regulation no 2004-06 of the Accounting Regulation Committee, the acquisition costs (transfer taxes, professional fees and registration costs, etc.) are incorporated into the acquisition cost of the shell component of the asset to which they refer.

Pursuant to Regulation no 2002-10 of the French Accounting Regulation Committee, real-estate properties are recorded in the financial statements by components.

The four components used by Groupama SA are the following:

- bare structure or shell;
- wind- and water-tight facilities;
- technical facilities;
- fixtures, finishings.

The lifespan and rate of amortisation of each component depend on the period of foreseeable use of the component and the nature of the real-estate property. Because the residual value of the bare structure component cannot be measured in a sufficiently reliable fashion, it is therefore not determined, and that component is amortised based on the acquisition cost.

The following table shows the amortisation periods and the percentages used by type of real-estate property:

	Residences and offices before 1945		Residences and offices after 1945		Shops		Offices or residential high-rises	
Components	**Period**	**Percentage**	**Period**	**Percentage**	**Period**	**Percentage**	**Period**	**Percentage**
Building shell	**120 yrs**	**65%**	**80 yrs**	**65%**	**50 yrs**	**50%**	**70 yrs**	**40%**
Frame, beams, columns, floors, walls								
Wind- and water-tight facilities	**35 yrs**	**10%**	**30 yrs**	**10%**	**30 yrs**	**10%**	**30 yrs**	**20%**
Roof deck								
Facades								
Covering								
External woodwork								
Technical facilities	**25 yrs**	**15%**	**25 yrs**	**15%**	**20 yrs**	**25%**	**25 yrs**	**25%**
Lifts								
Heating/Air conditioning								
Networks (electrical, plumbing, etc.)								
Fixtures, finishings	**15 yrs**	**10%**	**15 yrs**	**10%**	**15 yrs**	**15%**	**15 yrs**	**15%**
Int. improvements								

The redemption value of buildings and shares in unlisted SCIs is determined in accordance with the French Insurance Code based on appraisals made every five years and reviewed annually.

(b) Fixed-income securities

Bonds and other fixed income securities are recorded at their purchase price net of accrued interest at the time of purchase. The difference between the purchase price and the redemption value is reported on the income statement using actuarial methods over the remaining term until their redemption date. An amortisation of the premium or discount is recorded up to the time of transfer in the year the fixed income marketable securities are sold.

Accrued interest is recognised on the balance sheet under asset accruals.

Pursuant to the provisions of decrees no 2002-1535 of 24 December 2002 and no 2006-1724 of 23 December 2006, inflation-linked change in the redemption value of bonds that are indexed on the general price levels is posted to income.

The redemption value recorded at the close is the most recent quoted price at the inventory date. For unlisted securities, it is the market value resulting from the price that would be obtained under normal market conditions and depending on their utility to the Company.

(c) Equities and other variable-income securities

Shares and other variable-income securities are recorded at their purchase price excluding accrued interest. Beginning with fiscal year 2007, pursuant to the notice from the Emergency Committee of the CNC dated 15 June 2007, Groupama SA chose the accounting option allowing it to incorporate acquisition costs into the cost price of equity interests and to recognise, in its accounting, accelerated amortisation over 5 years.

The realisable value recorded at year end is:

- for listed securities, the last price listed on the day of the inventory;
- for unlisted securities, the market value corresponding to the price that would be obtained for them under normal market conditions and based on their utility for the Company;
- for shares of variable-capital investment companies and shares of mutual funds, the last purchase price published on the day of the inventory.

(d) Loans

Loans granted to companies belonging to the Group and to other entities are valued according to their contracts.

3.2.2 - Reserves

(a) Amortisable securities under Article R. 332-19 of the Insurance Code

Any unrealised capital losses resulting from comparing the book value, including the differences between the redemption prices (premium, discount), with the redemption value, do not normally carry a reserve for diminution in value. Nevertheless, a reserve for impairment is allocated when there is reason to believe that the debtor will not be able to honour his commitments, either to pay interest or to repay the principal.

(b) Investment properties, variable-income securities, loans

REAL-ESTATE INVESTMENTS

When the net carrying amount of buildings, equity shares, or shares in unlisted companies exceeds the realisation value of the aforesaid investments, a reserve for long-term impairment may be allocated. This impairment is applied on investment properties after a materiality threshold has been taken into account, it is also applied to operating properties provided that their value in use is more than 15% less than the net book value.

LISTED SECURITIES (EXCEPT EQUITY INTERESTS)

For investments covered by Article R. 332-20, a line-by-line reserve for impairment may only be allocated when there is reason to deem that the impairment is long-term in nature.

The long-term impairment of an investment line can be presumed in the following cases:

- there was a long-term reserve on this investment line in the previous published statement;
- the listed investment has consistently shown a significant unrecognised loss from its book value over a period of six consecutive months prior to closing;
- there are objective indicators of long-term impairment.

In accordance with Regulation no 2013-03 of the ANC of 13 December 2013, long-term impairments of amortisable securities covered by Article R. 332-20 that the Company can and intends to hold until maturity are analysed in terms of credit risk only. A reserve for permanent impairment is established in the event of a proven credit risk, when there is reason to believe that the counterparty will not be able to honour his commitments, either to pay interest or to repay the principal.

In the event of permanent impairment of a security covered by Article R. 332-20, the amount of the impairment is the difference between historical cost price and recoverable amount.

The recoverable amount is determined based on a multi-criteria approach that depends on the nature of the assets and the holding strategy.

For amortisable securities covered by Article R. 332-20 that the Company does not have the intention or ability to hold until maturity, long-term impairments are established by analysing all of the risks identified on this investment based on the considered holding horizon.

EQUITY SECURITIES

The valuation of equity securities is based on multi-criteria methods chosen according to each particular situation (nature of assets, holding horizon, etc.).

A reserve for impairment is established when the value in use at the inventory date obtained through the valuation methods described above is less than the entry cost of those securities.

LOANS

When the estimate of the recoverable value of a loan at inventory date is below its gross amount plus any accrued and unpaid interest at the end of the period, a reserve for impairment is allocated for the difference.

3.2.3 - Investment income and expenses

Financial income includes the revenue from investments received during the fiscal year (rent, dividends, coupon payments, interest on loans and current accounts).

Other investment income includes the *prorata* share in the discount on the bond redemption differences and reversals of reserves for loss in value of investments.

Other investment expenses include the percentage of appreciation on the differences in redemption of bonds, and the depreciation allowance and reserves for investments, and the percentage of overhead expenses corresponding to investment-management activities.

The capital gains or losses on marketable securities are determined by applying the first-in first-out method (FIFO), and they are recorded in the income statement. However, with respect to bonds and other fixed income securities, the profit equivalent to the difference between the price for which the security was sold and its current value is allocated to the capitalisation reserve and is debited from the income statement. In the case of a loss, a write-back is made from this capitalisation reserve up to the limit of the previously allocated reserves.

For these same securities, a reversal is made during the year they are sold for the accumulated amortisation of the premium or discount recorded up to the date of sale.

In non-life insurance, investment income and expenses are recorded on the non-operating income statement.

A portion of financial income reverting to technical reserves is transferred to the non-life technical income statement on a basis prorated to the technical reserves and equity.

3.2.4 - Forward sale financial instruments

(a) Forward sale currency hedging contracts

Forward sale currency hedging contracts implemented by Groupama SA are aimed at protecting against the foreign exchange risk component present in certain assets. The currency gain or loss occurring when the hedge is unwound is recorded on a net basis with the capital gain or loss at the time the underlying asset is sold. Conversely, the currency gains or losses relating to renewal of the hedges are recorded in an accrual account.

Unrealised capital gains and losses on forward currency sale contracts are hedged using securities received or given, respectively, in guarantee as part of a collateralisation agreement.

In the event of a break in the strategy, the overall income generated on the long-term financial instrument, including the balance of unamortised expenses and income as well as the income from divestment of the long-term financial instrument, is recognised on the income statement.

Moreover, as part of anticipated foreign currency investments, Groupama SA may implement hedges through purchases of foreign currencies. In this case, the foreign exchange gain or loss at the time the investment is unwound is incorporated into the acquisition cost of the securities acquired.

3.3 Other transactions

3.3.1 - Intangible assets

Intangible assets mainly consist of:

- software under development;
- acquired software depreciated over a period of 1 to 4 years by the straight-line method;
- developed software depreciated over a period of 3 or 4 years by the straight-line method.

The software carries a reserve, if necessary, to recognise an additional impairment deemed to be irreversible at the year end.

3.3.2 - Management fees and commissions

Management fees incurred by Groupama SA are recorded according to their nature within the de facto Groupama SA group; expenses pertaining to other members of the de facto group are billed back to them. They are then classified for the presentation of the financial statements according to their purpose, by applying allocation keys. These keys are determined analytically and reviewed annually according to Groupama SA's internal structure and organisation.

The management costs are classified under one of the following five categories:

- claims settlement costs, which specifically include claims services expenses and claims dispute expenses;
- acquisition expenses, which factor in a part of the commissions of the regional mutuals, commissions paid for direct business and other inward reinsurance, advertising, and marketing expenses;
- administrative costs, which in particular include a portion of the commissions of the regional mutuals and management expenses for direct business and accepted reinsurance;
- investment expenses, which specifically include investment management services, including fees, commissions and brokerage commissions paid;
- other operating expenses, which include expenses that cannot be assigned directly or by applying a cost to one of the other categories.

Expenses arising from activities with no operating connection with the insurance business are reported as other non-operating expenses.

3.3.3 - Foreign currency transactions

Pursuant to Accounting Regulation Committee Regulation no 2007.07 of 14 December 2007 on the accounting treatment of foreign currency transactions of companies governed by the French Insurance Code, operational foreign currency position accounts, converted at inventory price and the equivalent in euros, are offset against foreign exchange income.

For structural transactions, the foreign exchange difference is posted to the balance sheet in unrealised foreign exchange adjustment accounts.

3.3.4 - Receivables

Receivables are recorded at their face redemption value (historical cost).

They specifically include:

- for direct insurance operations:
  - premiums yet to be written for policyholders,
  - premiums yet to be cancelled for policyholders,
  - premiums yet to be collected from policyholders,
  - loans or advances from co-insurers;
- for inward reinsurance operations:
  - Groupama SA's share in the premiums yet to be written, and in the premiums to be cancelled by the ceding entities (notably the regional mutuals), net of reinsurance,
  - loans or advances with the ceding entities,
  - receivables due relating to transactions accepted from the ceding entities;
- for outward transactions:
  - loans or advances to outward reinsurers,
  - income owed relating to transactions ceded to outward reinsurers;
- for the other receivables:
  - tax combination loans or advances to daughter companies,
  - receivables from government bodies and social security agencies,
  - loans or advances to various other entities,
  - other accrued income.

When the inventory value at the fiscal year end is below the book value, a reserve for impairment is established.

3.3.5 - Tangible operating assets

The tangible operating assets account mainly includes:

- fixtures and improvements of premises;
- transportation equipment;
- office equipment;
- furniture;
- computer hardware;
- other tangible assets.

These assets are amortised using either the straight-line method or the accelerated method over the estimated useful lives, which ranges from 2 to 10 years depending on the type of asset.

3.3.6 - Accruals – Assets

The accruals accounts on the asset side are mainly composed of:

- interest accrued and income receivable;
- differences on bond-redemption prices;
- acquisition costs carried forward to future years.

3.3.7 - Reserves for contingencies and charges

The Reserves for contingencies and charges reserves are established pursuant to CRC Regulation no 2000-06 dated 7 December 2000. This item also includes regulated reserves, especially accelerated amortisation.

3.3.8 - Corporate income tax

Groupama SA is the parent company of a tax combination group comprising 51 tax-combined entities.

Tax expenses are borne by the consolidated company, just as they are when there is no tax consolidation.

The tax savings realised by the group relating to losses are reported at the Groupama SA parent company level. They are treated as an immediate gain for the year and not as a simple cash saving.

The tax savings realised by the group not relating to losses are also reported at the Groupama SA parent company level and recorded as a reduction from the tax expense.

These two items are recorded in the financial statements pursuant to the provisions of notice 2005-G dated 12 October 2005 of the Emergency Committee of the Conseil National de la Comptabilité.

3.3.9 - Payables

Payables mainly consist of:

- for direct insurance operations:
  - policyholders' credit accounts,
  - commissions on premiums earned but not written,
  - advances or loans from co-insurers;
- for inward reinsurance operations:
  - advances or loans with the ceding offices,
  - payables owed for inward transactions from these ceding entities;
- for outward transactions:
  - advances or loans with outward reinsurers,
  - payables owed for inward transactions from these outward reinsurers,
- for the other payables:
  - advances or loans of a financial and operational nature with various other entities,
  - bank overdrafts,
  - taxes and social security owed.

3.3.10 - Accruals – liabilities

Accrual accounts on the liabilities side correspond mainly to the amortisation of differences on bond redemption prices.

3.3.11 - Non-operating expenses and income

Pursuant to the ministerial order of 31 December 2010 following the tax system change to the capitalisation reserve introduced by the 2011 financial law, contributions and reversals to the capitalisation reserve mentioned in paragraph 3.2.3 of the accounting principles, rules, and methods generate both a non-operating reversal and an allocation to the capitalisation reserve corresponding to the income and the theoretical tax expense on this reversal and allocation.

3.4 Change in accounting method

No change in accounting method was noted during this fiscal year.

4 NOTES ON THE ANNUAL FINANCIAL STATEMENTS

NOTE 4 INTANGIBLE ASSETS

Statement of movements during the fiscal year

(in thousands of euros)	Amount as at 31.12.2014	Transfers inclusions/ removals	Inclusions/ contributions to amortisation	Removals/ write-backs of amortisation	Amount as at 31.12.2015
Gross values	166,854		8,223	3,222	171,855
Amortisation	155,359		4,901	401	159,859
TOTAL NET AMOUNTS	**11,495**		**3,322**	**2,821**	**11,996**

NOTE 5 INVESTMENTS

Note 5.1 Land and buildings

Statement of movements during the fiscal year

(in thousands of euros)	Amount as at 31.12.2014	Transfers inclusions/ removals	Inclusions during the year	Removals during the year	Amount as at 31.12.2015
Gross values					
Fixed assets	184,615		360	50,269	134,706
Shares of real-estate companies	315,897		249	1,013	315,133
Total gross amounts	**500,512**		**609**	**51,282**	**449,839**
Amortisation/Impairment					
Fixed assets	31,168		2,706	27,827	6,047
Shares of real-estate companies	42				42
Total amortisation	**31,210**		**2,706**	**27,827**	**6,089**
TOTAL NET AMOUNTS	**469,302**		**(2,097)**	**23,455**	**443,750**

Departures in the fiscal year primarily concern the disposal of the Piazza property.

Note 5.2 Investments in affiliated companies and in companies with which there is an equity tie

Summary table

(in thousands of euros)	Amount as at 31.12.2014	Transfers inclusions/ removals	Inclusions during the year	Removals during the year	Amount as at 31.12.2015
Gross values					
Equities and similar instruments					
Affiliated companies	8,002,214		8,892	1,585	8,009,521
Companies with which there is an equity tie	544,978	(6,804)	8,925	182,026	365,073
Loans and receivables					
Affiliated companies	761,975		200	350	761,825
Companies with which there is an equity tie					
Cash deposits with ceding entities	55,926			8,593	47,333
Total gross amounts	**9,365,093**	**(6,804)**	**18,017**	**192,554**	**9,183,752**
Reserves					
Equities and similar instruments					
Affiliated companies	1,567,743		165,161	71,913	1,660,991
Companies with which there is an equity tie	150,004	(1,809)	10,456	100,155	58,496
Loans and receivables					
Affiliated companies					
Companies with which there is an equity tie					
Cash deposits with ceding entities					
Total reserves	**1,717,747**	**(1,809)**	**175,617**	**172,068**	**1,719,487**
TOTAL NET AMOUNTS	**7,647,346**	**(4,995)**	**(157,600)**	**20,486**	**7,464,265**

Equities and similar instruments

The main movements recorded on equities during the fiscal year primarily concern the departure of Mediobanca securities with a gross book value of €179 million, and the disposal of Cesvi securities for €2.7 million.

In addition, Groupama SA subscribed to Banque Postale's capital increase for €8.9 million as well as to Amaline Assurance's capital increase for €6 million.

Allocations for long-term impairment recognised on the insurance subsidiaries concern in particular Groupama Bosphorus for €139 million.

The reversals from provisions primarily concern Médiobanca for €65.6 million, Banque Postale for €29.6 million and the subsidiaries in Eastern Europe Groupama Asigurari for €24.3 million, Groupama Garancia of €15.4 million.

Note 5.3 Other investments

This involves investments other than those mentioned in 5.1 and 5.2, specifically other equities, bonds and mutual fund units.

Statement of movements during the fiscal year

(in thousands of euros)	Amount as at 31.12.2014	Transfers inclusions/ removals	Inclusions during the year	Removals during the year	Amount as at 31.12.2015
Gross values					
Fixed-return bonds and mutual funds	985,111		446,859	310,033	1,121,937
Variable-return equities and mutual funds	60,844	6,804		12,340	55,308
Cash mutual funds	415,788		1,885,655	1,567,191	734,252
Other	134,484		82,303	21,801	194,986
Total gross amounts	**1,596,227**	**6,804**	**2,414,817**	**1,911,365**	**2,106,483**
Reserves					
Fixed-return bonds and mutual funds	39,161			32,581	6,580
Variable-return equities and mutual funds	960	1,808		882	1,886
Total reserves	**40,121**	**1,808**		**33,463**	**8,466**
TOTAL NET AMOUNTS	**1,556,106**	**4,996**	**2,414,817**	**1,877,902**	**2,098,017**

Inclusions and removals during the year mainly corresponded to transactions involving money-market funds.

As noted in oaragraph 3.2.2 of Note 3 on accounting principles, permanent impairment is assumed for listed, variable-return securities, particularly:

- if there was a long-term reserve for an investment line in the previous published statement;
- if the investment has consistently shown a significant unrecognised loss from its book value over a period of six consecutive months prior to closing;
- there are objective indicators of long-term impairment.

For fiscal year 2015, a significant unrecognised loss from its book value is assumed if over a period of six months the security is consistently discounted at 20% off its cost price.

Sovereign debt instruments of peripheral countries of the eurozone

Investments in bonds issued by peripheral countries of the eurozone, (Spain, Greece, Ireland, Italy and Portugal) only concern Italy:

(in thousands of euros)	31.12.2015			31.12.2014		
	Gross cost price	Sale Value	Gross unrealised capital gains/ losses	Gross cost price	Sale Value	Gross unrealised capital gains/ losses
Italy	14,348	17,205	2,857	14,320	17,024	2,704

Non-sovereign debt instruments in peripheral countries of the eurozone

The balance sheet value of the entity's direct investments in bonds issued by companies, banks, local authorities and para-governmental organisations located in peripheral countries of the eurozone (Spain and Italy) was €10.7 million as at 31 December 2015. These securities present a gross unrealised capital gain of €2.3 million.

Note 5.4 Summary table of investments

Summary by type *(in thousands of euros)*	2015 balance sheet		
	Gross value	Net value	Realisable value
1) Real estate investments (incl. pending)	283,730	275,961	422,827
2) Equities and other variable-income securities	8,404,437	6,677,603	8,753,123
3) Variable-income mutual funds	45,514	45,514	76,791
4) Fixed-income mutual funds	922,063	922,063	923,957
5) Bonds and other fixed-income securities	71,593	63,874	53,990
FFI yield strategies			(10,286)
6) Mortgage loans			
7) Other loans and similar notes	778,796	778,797	777,440
8) Deposits with ceding companies	1,139,640	1,125,479	1,216,940
9) Other deposits, cash guarantees and other investments	190,671	190,671	190,671
10) Assets representing unit-linked contracts			
11) Other FFI			
TOTAL INVESTMENTS AND FFI	**11,836,444**	**10,079,962**	**12,415,739**
Of which total FFI			(10,286)
Of which total investments	11,836,444	10,079,962	12,426,025
Other items [(1)]	(73,930)	(73,930)	
TOTAL INVESTMENTS	**11,762,514**	**10,006,032**	

(1) Corresponds specifically to pledges by an agency exempt from approval as well as the current financial statements of a Group entity (Groupama Investissement).

Summary table of investments (cont.)

(in thousands of euros)	2015 balance sheet		
	Gross value	Net value	Realisable value
A) Summary by estimating method			
Securities estimated according to Article R. 332-19	840,759	825,682	850,960
Securities estimated according to Article R. 332-20	10,995,684	9,254,279	11,564,779
Securities estimated according to Article R. 332-5			
Subtotal	**11,836,443**	**10,079,961**	**12,415,739**
B) Summary by allocation method			
Securities allocatable to the representation of technical reserves	9,851,060	8,168,805	10,423,408
Securities that secure commitments toward protection institutions or hedge managed investment funds			
Securities deposited with ceding entities	1,139,640	1,125,479	1,216,940
■ Of which joint surety			
Securities allocated to special technical reserves of other businesses in France			
Other allocations or no allocation	845,744	785,678	775,391
Subtotal	**11,836,444**	**10,079,962**	**12,415,739**
II. Assets allocatable to the representation of technical reserves (other than the investments and the share of reinsurers in technical reserves)	**162,129**	**162,129**	**162,129**
III. – Securities belonging to protection insurance institutions			
A) Itemisation of land and buildings			
Operating activities property			
■ Real property rights	134,500	128,544	228,500
■ Holdings in SCIs or real estate companies	5,323	5,324	9,036
Other fixed assets			
■ Real property rights	4,135	2,362	4,600
■ Holdings in SCIs or real estate companies	309,810	309,769	389,723
B) Balance not yet amortised or not yet recovered corresponding to the difference in redemption price of securities valued pursuant to Article R. 332-19			
■ including discount not yet amortised	1,856	1,856	
■ redemption premium not recovered	30,695	30,695	

Within the context of the financial markets, possible uncertainties may result from the fact that sale values applied based on the most recent quotes or latest published purchase prices may differ significantly from the prices at which transactions might actually take place if the assets have to be ceded.

NOTE 6 SHARE OF OUTWARD REINSURANCE AND RETROCESSIONAIRES IN TECHNICAL RESERVES

(in thousands of euros)	31.12.2015				31.12.2014			
	Outward reinsurance on direct business [(1)]	Retro on inward of RM	Other Retrocessions	Total	Outward reinsurance on direct business [(1)]	Retro on inward of RM	Other Retrocessions	Total
Reserves for unearned premiums	9,657	(40)		9,617	135			135
Reserves for claims:	259,006	250,258	260,077	769,341	180,840	313,265	281,174	775,279
Profit-sharing reserves	333			333	333			333
Equalisation reserves:	1,592		2,297	3,889	1,624		2,013	3,637
Other technical reserves:	20,606	174,679	116	195,401	15,117	146,189	153	161,460
TOTAL	**291,194**	**424,898**	**262,490**	**978,581**	**198,050**	**459,454**	**283,340**	**940,844**

(1) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.

NOTE 7 RECEIVABLES

(in thousands of euros)	31.12.2015				31.12.2014			
	Maturity:				Maturity:			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Receivables								
Receivables relating to direct insurance operations:	**33,234**	**11,205**		**44,439**	**43,911**	**11,206**		**55,117**
Earned unwritten premiums	(2,141)			(2,141)	457			457
Other receivables relating to direct insurance transactions:	35,374	11,205		46,579	43,454	11,206		54,660
Policyholders	4,057	11,205		15,262	5,081	11,206		16,287
Insurance intermediaries	1,296			1,296	1,211			1,211
Co-insurers	30,021			30,021	37,162			37,162
Receivables relating to reinsurance transactions:	**393,485**	**70,382**		**463,867**	**308,683**	**64,081**		**372,764**
Reinsurers	77,281	21,644		98,925	64,716	16,996		81,712
Ceding entities	316,204	48,738		364,942	243,967	47,085		291,052
Other receivables:	**129,539**	**23,831**		**153,370**	**168,968**	**23,831**		**192,799**
Personnel	836			836	2,516			2,516
Government, Social Security, and local authorities	54,322			54,322	56,458			56,458
Other debtors	74,381	23,831		98,212	109,994	23,831		133,825
TOTAL RECEIVABLES	**556,258**	**105,418**		**661,676**	**521,562**	**99,118**		**620,680**

NOTE 8 ACCRUALS – ASSETS

(in thousands of euros)	31.12.2015	31.12.2014
Accrued interest not yet due	22,640	21,996
Deferred acquisition costs	5,252	4,815
Reimbursement price differences receivable		736
Other accruals	37,338	9,672
TOTAL ASSET ACCRUALS	**65,230**	**37,219**

NOTE 9 SHAREHOLDERS' EQUITY

Capital structure

329,086,712 shares with a par value of €5.125.

Statement of movements in reserves and changes in shareholders' equity

(in thousands of euros)	31.12.2014	Allocation of income 2014	Other mvts for the year	Income (Loss) for the year	31.12.2015
Shareholders' equity					
Share capital	**1,686,569**				**1,686,569**
Issue premiums	62,530				62,530
Merger premiums	38,805				38,805
Contribution premiums	2,147				2,147
Subtotal: Additional paid-in capital	**103,482**				**103,482**
Capitalisation reserve	121,548		(1)		121,547
Other reserves	47,376				47,376
Subtotal: Other reserves	**168,924**		**(1)**		**168,923**
Retained earnings	**359,939**	**(38,745)**			**321,194**
Net income for fiscal year	**(38,745)**	**38,745**		**69,973**	**69,973**
TOTAL	**2,280,169**		**(1)**	**69,973**	**2,350,141**

NOTE 10 SUBORDINATED DEBTS

"Subordinated debts" totalling €2,265.9 are broken down as follows:

- the super-subordinated perpetual bonds written by Groupama SA on 22 October 2007 for €415.9 million. Reimbursement of an amount of €13.25 million having taken place in 2015;
- of a perpetual subordinated debt in euros subscribed in 2014 by Groupama SA at the fixed rate of 6.375% with maturity of the call May 2024 for €1,100 million;
- a bond issued on 16 October 2009 in the form of 30-year subordinated redeemable bonds (TSR) for an amount of €750 million at a fixed rate of 7.875% revisable in October 2019.

In addition, on 6 July 2015, Groupama SA proceeded with the early redemption of the 2005 perpetual floating-rate note (TSDI), the balance of which was €41.15 million.

The above loans are subordinated to the reimbursements and do not have a fixed date in the contract. No other special condition is indicated in the contract other than the possibility for the borrower to make early reimbursement.

NOTE 11 TECHNICAL RESERVES OF NON-LIFE INSURANCE

Note 11.1 Breakdown of gross technical reserves

(in thousands of euros)	31.12.2015				31.12.2014			
	Direct business [1]	Inward reinsurance from regional mutuals	Other inward reinsurance	Total	Direct business [1]	Inward reinsurance from regional mutuals	Other inward reinsurance	Total
Reserves for unearned premiums	11,253	170,456	15,746	197,455	2,737	168,319	11,098	182,154
Reserves for claims	328,846	2,376,909	543,727	3,249,482	270,754	2,364,809	491,709	3,127,272
Profit-sharing reserves	809			809	948			948
Equalisation reserves (including stability fund)	122,957	27,076	4,597	154,630	124,333	18,908	4,876	148,118
Other underwriting reserves	135,131	858,954	359	994,444	130,230	792,932	4,664	927,826
TOTAL	**598,996**	**3,433,395**	**564,429**	**4,596,820**	**529,002**	**3,344,968**	**512,347**	**4,386,318**

(1) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.

Equalisation reserves

Pursuant to Article R. 331-6-6 of the French Insurance Code, an insurance company may establish so-called equalisation reserves to cover extraordinary expenses relating to operations to guarantee risks due to natural factors, nuclear risk, risks of civil liability due to pollution, space risks, as well as risks relating to attacks, terrorism and air transport. These reserves are funded voluntarily. The French Insurance Code defines the calculation methods but does not stipulate the methods for writing back these reserves. Outside of professional pools, Groupama SA has not recorded any allocation to equalisation reserves as at 31 December 2015.

The "equalisation reserves" item includes stability funds on group insurance policies for a total amount of €119.5 million as at 31 December 2015 compared with €120.8 million in 2014.

Note 11.2 Change over the past five years in claims regulations applied since its inception, and reserves for claims pending settlement

Change in accrued premiums and claims

The data presented below correspond to changes in the following portfolios:

- inward reinsurance from regional mutuals;
- direct business;
- other inward reinsurance.

(in thousands of euros)	Fiscal years					
	2010 and earlier	2011	2012	2013	2014	2015
Estimate of the claims expense:						
at end of N	16,855,444	1,376,328	1,658,854	1,671,937	1,550,777	1,329,591
at end of N+1	16,847,104	1,583,576	1,587,176	1,635,618	1,548,840	
at end of N+2	17,150,719	1,558,378	1,572,279	1,597,145		
at end of N+3	17,108,031	1,553,300	1,557,812			
at end of N+4	17,110,725	1,549,161				
at end of N+5	17,200,543					
Claims expense (a)	**17,200,543**	**1,549,161**	**1,557,812**	**1,597,145**	**1,548,840**	**1,329,591**
Cumulative claims payments (b)	**16,039,980**	**1,341,852**	**1,322,690**	**1,348,609**	**1,009,059**	**559,512**
Outstanding claims reserves (a)-(b)=(c) (net of the retained share of the CDA)	**1,160,563**	**207,309**	**235,122**	**248,536**	**539,781**	**770,079**
Earned premiums	**19,604,636**	**2,169,789**	**2,298,532**	**2,268,576**	**2,161,454**	**2,182,744**
CLAIMS RATIO	**87.74%**	**71.40%**	**67.77%**	**70.40%**	**71.66%**	**60.91%**

Note 11.3 Change in opening claims reserves

Liquidation of claims reserves gross of reinsurance

(in thousands of euros)	2015	2014
Opening claims reserves net of expected recoveries	3,076,684	3,012,929
Payments made during the year for previous years net of recoveries	(694,810)	(832,115)
Year-end net claims reserves net of expected recoveries	(2,373,120)	(2,144,740)
SURPLUS/DEFICIT	**8,754**	**36,075**

The opening surplus posted in 2015 on claims reserves totalled €8.7 million. It is principally comprised of a capital surplus on the risks accepted on the portfolio of the regional mutuals for an amount of €37.3 million, partially offset by a deficit of -€14 million on a theft and fraud portfolio in run-off and a deficit of -€12.5 million on inward reinsurance from France subsidiaries.

NOTE 12 RESERVES FOR CONTINGENCIES AND CHARGES

(in thousands of euros)	Total reserves as at 31.12.2014	Increase in reserves during the fiscal year	Write-backs for the fiscal year	Total reserves as at 31.12.2015
Regulatory reserves	39,574		49	39,525
Reserves for pensions and similar obligations	70,376	2,841	12,270	60,947
Tax reserves				
Other Reserves for contingencies and charges reserves	28,751	25,346	5,259	48,838
TOTAL	**138,701**	**28,187**	**17,578**	**149,310**

The “Reserves for contingencies and charges” item included in liabilities of the balance sheet as at 31 December 2015 for €149.3 million particularly includes reserves for pension and commitments, which includes a reserve related to pension commitments for employees and former employees of absorbed subsidiaries (SMDA), and a reserve for the pension fund closed since 1997 of Groupama Insurances in the UK taken over by Groupama SA following the divestment of the subsidiary Groupama Insurances.

However, a significant portion of the IFC commitments pertaining to Groupama SA employees is outsourced to Groupama Gan Vie, which does not generate any recognition of reserve for pension or off-balance sheet commitment.

NOTE 13 DEBTS

(in thousands of euros)	31.12.2015				31.12.2014			
	Maturity:				Maturity:			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Other debts								
Debts arising from direct insurance operations:	**13,000**	**912**		**13,912**	**8,069**	**1,233**		**9,302**
Policyholders	(160)	278		118	(11)	1,233		1,222
Insurance intermediaries	1,863			1,863	686			686
Co-insurers	11,297	634		11,931	7,394			7,394
Debts relating to reinsurance transactions:	**194,709**	**44,342**		**239,051**	**146,840**	**41,012**		**187,852**
Reinsurers	125,068	13,919		138,987	100,329	10,593		110,922
Ceding entities	69,641	30,423		100,064	46,511	30,419		76,930
Bonds (including convertible bonds)		**863,303**	**130,193**	**993,496**		**417,212**	**550,375**	**967,587**
Debt to credit institutions	**28**			**28**	**34**			**34**
Other liabilities:	**979,376**			**979,376**	**903,292**		**4,146**	**907,438**
Other loans, deposits and guarantees received	693,566			693,566	681,079			681,079
Personnel, Social Security organisations and local authorities	39,791			39,791	33,529		4,146	37,675
Government, Social Security	56,314			56,314	46,125			46,125
Other creditors	189,705			189,705	142,559			142,559
TOTAL	**1,187,113**	**908,557**	**130,193**	**2,225,863**	**1,058,235**	**459,457**	**554,521**	**2,072,213**

Pursuant to the provisions of D. 441-4 of the French Commercial Code, note that all debt to outside suppliers has a maturity of less than six months.

NOTE 14 ACCRUALS – LIABILITIES

(in thousands of euros)	31.12.2015	31.12.2014
Deferred amortisation on reimbursement price	17,806	5,944
Other accruals	2,877	3,721
TOTAL ACCRUED LIABILITIES	**20,683**	**9,665**

NOTE 15 ASSETS AND LIABILITIES RELATED TO AFFILIATED COMPANIES AND EQUITY-LINKED COMPANIES

Cash and receivables

	31.12.2015				31.12.2014			
(in thousands of euros)	Affiliated companies	Equity link companies	Other	Total	Affiliated companies	Equity link companies	Other	Total
A) Assets								
Intangible assets	**9,089**		**2,907**	**11,996**	**7,177**		**4,318**	**11,495**
Investments								
Real estate	315,031	61	128,658	443,750	315,794	61	153,447	469,302
Shares & other variable-income securities	6,348,532	306,576	1,107,548	7,762,656	6,434,470	394,974	660,286	7,489,730
Bonds Neg.debt sec. & other fixed-inc. sec.	11,175		795,482	806,657	11,175		761,337	772,512
Loans	752,042			752,042	751,694			751,694
Deposits with other credit institutions								
Other investments	84,509		100,491	185,000	89,835		43,754	133,589
Receivable Cash at ceding entities	55,927			55,927	55,927			55,927
Reinsurer share of technical reserves								
Unearned premiums (non-life)	(40)		9,657	9,617			135	135
Reserves Claims (non-life)	519,083		250,258	769,341	330,077		445,202	775,279
Share of earnings and dividends (non-life)	333			333	333			333
Equalisation reserves	3,889			3,889	3,637			3,637
Other techn. reserves. (non-life)	20,722		174,679	195,401	15,271		146,189	161,460
Receivables from direct insurance transactions								
Of which policyholders			13,123	13,123	(3,812)		20,555	16,743
Of which insurance intermediaries			1,296	1,296			1,211	1,211
Of which other third parties			30,021	30,021			37,162	37,162
Receivables from reinsurance operations	**170,245**		**293,622**	**463,867**	**136,809**		**235,955**	**372,764**
Personnel			**836**	**836**			**2,516**	**2,516**
Government, Social Security and local authorities			**54,323**	**54,323**			**56,458**	**56,458**
Other debtors	**44,676**		**53,534**	**98,210**	**100,065**		**33,760**	**133,825**
Tangible operating assets			**1,271**	**1,271**			**1,020**	**1,020**
Cash and equivalents	**45,330**		**30,242**	**75,572**	**68,160**		**36,903**	**105,063**
Interest & lease payments written and not due			**22,640**	**22,640**	**10,104**		**11,892**	**21,996**
Deferred acquisition costs			**5,252**	**5,252**	**4,763**		**53**	**4,816**
Other accruals – assets	**10,077**		**27,261**	**37,338**			**10,407**	**10,407**
Unrealised foreign exchange adjustments								
TOTAL	**8,390,620**	**306,637**	**3,103,101**	**11,800,358**	**8,331,479**	**395,035**	**2,662,560**	**11,389,074**

Liabilities and commitments

(in thousands of euros)	31.12.2015 Affiliated companies	Companies	Other	Total	31.12.2014 Affiliated companies	Companies	Other	Total
B) Liabilities								
Shareholders' equity	2,348,545		1,596	2,350,141	2,278,572		1,596	2,280,168
Share capital	1,685,388		1,181	1,686,569	1,685,388		1,181	1,686,569
Other shareholders' equity	663,157		415	663,572	593,184		415	593,599
Subordinated debt			**2,265,950**	**2,265,950**			**2,320,223**	**2,320,223**
Gross technical reserves								
Unearned premiums (non-life)	186,202		11,253	197,455	179,050		3,105	182,155
Claims reserves (non-life)	2,920,636		328,846	3,249,482	2,576,085		551,186	3,127,271
Share of earnings and dividends (non-life)			810	810			948	948
Equalisation reserves	31,673		122,957	154,630	19,123		128,995	148,118
Other techn. reserves (non-life)	859,313		135,131	994,444	826,762		101,063	927,825
Reserves for contingencies and charges	**58,871**	**4,982**	**85,457**	**149,310**	**48,384**	**5,032**	**85,285**	**138,701**
Debts for cession. cash			**191,592**	**191,592**			**181,787**	**181,787**
Debts from direct insurance transactions								
Owed to policyholders			117	117			1,223	1,223
Owed to insurance intermediaries			1,862	1,862			686	686
Owed to other third parties			11,931	11,931			7,394	7,394
Debts from reinsurance transactions	**44,341**		**194,710**	**239,051**	**42,203**		**145,648**	**187,851**
Bond debt	**993,496**			**993,496**	**967,587**			**967,587**
Debts to credit establishments	**1**		**27**	**28**	**7**		**27**	**34**
Other debts								
Other loans, deposits and guarantees received	**612,522**		**81,044**	**693,566**	**622,803**		**58,276**	**681,079**
Personnel			**39,791**	**39,791**			**37,675**	**37,675**
Government, Social Security and local authorities			**56,314**	**56,314**			**46,125**	**46,125**
Miscellaneous creditors	**136,899**		**52,806**	**189,705**	**88,933**		**53,626**	**142,559**
Accruals – liabilities			**20,683**	**20,683**			**9,665**	**9,665**
Unrealised foreign exchange adjustments								
TOTAL	**8,192,499**	**4,982**	**3,602,877**	**11,800,358**	**7,649,509**	**5,032**	**3,734,533**	**11,389,074**

NOTE 16 COMMITMENTS RECEIVED AND GIVEN

(in thousands of euros)	Total commitments to officers	Total commitments to affiliated companies	Total Commitments to Affiliated with which there is an equity link	Other origins	Total 31.12.2015	Total 31.12.2014
1. Commitments received		**152,000**	**3,519**	**750,000**	**905,519**	**912,668**
2. Commitments given:						
2a. Endorsements, securities and credit guarantees given			432	280,641	281,073	280,974
2b. Stock and assets acquired through sale commitment		25,825		23,275	49,100	
2c. Other commitments on securities, assets or income		76,206			76,206	36,974
2d. Other commitments given						64,063
Total 2. Commitments given		**102,031**	**432**	**303,916**	**406,379**	**382,011**
3. Securities received as collateral from outward reinsurers and retrocessionaires		**42,610**		**182,645**	**225,255**	**208,970**
4. Sureties given by reinsured entities with joint and several guarantee				**31,991**	**31,991**	**29,855**
5. Securities belonging to protection insurance institutions						
6. Other securities held on behalf of third parties						
7. Long-term financial instruments outstanding				**520,326**	**520,326**	**532,276**

Commitments received

The €905.5 million of commitments received correspond mainly to:

- the contractual commitment given on 8 December 2004 in connection with the opening of a credit line of €750 million, maturing at the end of February 2019;
- a commitment related to the contribution of Holdco securities to Groupama Gan Vie for €152 million;
- various other commitments received for €3.5 million concerning affiliated companies or equity-linked companies.

Commitments given

The €406.4 million of commitments given by Groupama SA correspond mainly to:

- commitments on unlisted funds of €23.3 million;
- a total of €80.9 million of guarantees on liabilities granted along with the sale of Groupama Seguros;
- guarantees granted as part of the sale of Groupama Insurance for €158 million;
- guarantees granted as part of the sale of Gan Eurocourtage's Brokerage portfolio for €40 million;
- a loan agreement to GUK Brokerage Services for €47.2 million;
- an amendment to the cash advance agreement for €31.5 million between Groupama SA and Groupama Investissements for €7.7 million;
- securities pledged to the Group's companies for €29 million;
- guarantees granted as part of the possible sale of Groupama Vietnam and Rampart for €14.1 and €4 million respectively;
- guarantees granted as part of the sale of 45% of Cesvi France to Covéa Coopérations for €0.5 million;
- various other commitments given for €1.6 million, including €0.4 million concerning affiliated companies or equity-linked companies.

Securities received as collateral from outward reinsurers and retrocessionaires

The amount corresponds to securities received under pledge from outward reinsurers for €225.3 million.

Sureties given by reinsured entities with joint and several guarantee

The amount corresponds to securities received from the Antilles Guyane regional mutual, of which Groupama is the substitute reinsurer, with respect to the representation of its technical reserves of €32 million held in custody.

Long-term financial instruments outstanding

Groupama SA's outstanding long-term financial instruments amounted to €520.3 million, corresponding to the establishment of swaps to hedge the entire Zen structured bond issue.

Other unquantified and unlimited commitments received and given

Before or during the year, Groupama SA also granted or obtained unquantified or unlimited commitments involving notably:

- the guarantee given to Société d'Assurances de Consolidation des Retraites de l'Assurance (SACRA) for contractual obligations made by Groupama Asset Management to S.A.C.R.A. starting in June 2014;
- the letters of intent written by Groupama SA to the Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI) as part of the creation of Groupama Épargne Salariale and Groupama Banque;
- Groupama SA's assumption of the guarantee given by Groupama Reassurance to Sorema NA (now General Security National Insurance Company) regarding the payment of all obligations stemming from two retrocession contracts underwritten by Rampart (Le Mans Re and MMA portfolios);
- the unconditional guarantees granted by Groupama SA to Gan Assurances, which require it to supply if applicable the financial means necessary to satisfy the payment of claims relating to insurance policies signed by said companies; these guarantees were designed to improve the debt ratings of these companies and terminated during fiscal year 2012, but rights and obligations under these guarantees remain. Groupama SA is also responsible for commitments of this type given previously by the C.C.A.M.A. to group entities (some of which have been divested) that have since been cancelled but for which certain rights and obligations still exist;
- the usual specific and technical guarantees (run off) upon the divestment of The Gan Company of Canada Ltd. to CGU group Canada Ltd.

NOTE 17 OPERATING INCOME STATEMENT BY SOURCE

	31.12.2015			31.12.2014		
(in thousands of euros)	Direct Business [(1)]	Inward reinsurance	Total	Direct Business [(1)]	Inward reinsurance	Total
Earned premiums	112,202	2,162,241	2,274,444	75,212	2,143,776	2,218,988
Claims expense	86,439	1,299,922	1,386,361	35,774	1,477,629	1,513,403
Expenses for other technical reserves	(565)	(61,261)	(61,826)	4,780	(40,323)	(35,543)
Change in reserve for equalisation	1,374	(7,887)	(6,513)	(2,467)	(10,142)	(12,610)
for profit sharing	(571)	0	(571)	(863)	0	(863)
A – Underwriting result	**26,002**	**793,171**	**819,173**	**40,887**	**615,682**	**656,569**
Acquisition costs	2,350	244,267	246,616	1,735	237,767	239,502
Administrative costs	141	197,910	198,050	73	194,157	194,230
Other technical costs and income	(789)	165,221	164,432	1,567	166,607	168,175
B – Net acquisition and management expenses	**1,701**	**607,398**	**609,098**	**3,375**	**598,531**	**601,907**
C – Allocated investment income	**1,109**	**49,168**	**50,277**	**46**	**3,967**	**4,013**
D – Reinsurance result	**18,230**	**245,966**	**264,196**	**17,725**	**232,227**	**249,951**
UNDERWRITING INCOME/(LOSS) (A+B+C+D)	**7,180**	**(11,024)**	**(3,844)**	**19,833**	**(211,109)**	**(191,275)**

(1) Including mutual exempt from licensing (Antilles Guyane).

NOTE 18 INVESTMENT INCOME AND EXPENSES

Type of income *(in thousands of euros)*	31.12.2015 Affiliated companies	Companies linked companies	Other origins	Total	31.12.2014 Affiliated companies	Companies linked companies	Other origins	Total
Investment income								
Income from investments	*326,926*	*4,814*	*26,906*	*358,646*	*232,921*	*5,668*	*23,742*	*262,331*
Investment income	*325,879*	*4,814*	*719*	*331,412*	*232,571*	*5,668*		*238,239*
Income from real estate investments	*942*		*20*	*962*	*350*		*5,982*	*6,332*
Income from other investments	*105*		*26,167*	*26,272*			*17,760*	*17,760*
Other financial income								
Other investment income	75,875	100,216	75,520	251,611	305,017	2,709	14,265	321,991
Profits on the sale of investments	178	13	15,134	15,325	513		24,912	25,425
Total investment income	**402,979**	**105,043**	**117,560**	**625,582**	**538,451**	**8,377**	**62,919**	**609,747**
Investment expenses								
Internal and external investment management costs and financial expenses	56,435		171,567	228,002	51,946		183,670	235,616
Other investment expenses	165,324	10,456	32,091	207,871	132,527	10,346	24,798	167,671
Losses on the sale of investments	60	58,881	48,288	107,229	186,287		13,452	199,739
Total investment expenses	**221,819**	**69,337**	**251,946**	**543,102**	**370,760**	**10,346**	**221,920**	**603,026**
NET INVESTMENT INCOME	**181,160**	**35,706**	**(134,386)**	**82,480**	**167,691**	**(1,969)**	**(159,001)**	**6,721**

The increase in “Investment income” comes from an increase in dividend distributions in 2015, particularly from subsidiaries.

The “Other investment expenses” and “Other investment income” items include net write-backs of reserves for long-term impairment for €43.6 million as at 31 December 2015 versus a net contribution of €158.6 million in 2014.

NOTE 19 OTHER NON-TECHNICAL INCOME AND EXPENSES

Other non-technical expenses and income amounting respectively to -€0.8 million and -€0.4 million do not call for any particular comment.

NOTE 20 EXTRAORDINARY INCOME AND EXPENSES

The 2015 extraordinary result presents an expense of -€38.7 million and includes subsidies paid out in the context of financing for major programmes to the Group's entities for -€7.3 million.

NOTE 21 INCOME TAX

Tax charge

(in thousands of euros)	31.12.2015	31.12.2014
Group tax payable	(72,488)	(50,714)
Reserves linked to fiscal consolidation gains in year N	148,495	223,143
Other	5,456	11,659
TOTAL INCOME TAX	**81,463**	**184,088**

Specific nature and make-up of the "Corporate income tax" line

As at 31 December 2015, the "income tax" line includes a net tax credit of €81.5 million broken down as follows:

- tax consolidation income €187.6 million
- tax consolidation expenses -€33.6 million
- Group income tax expense -€72.5 million

The "income tax" item consists of taxable income posted to individual tax income for the year from consolidated subsidiaries totalling €148.4 million.

Since the consolidated group's taxable income showed a gain of €187.9 million after allocation of losses, a short-term tax charge of €71.4 million was recorded in respect of fiscal year 2015, together with a long-term tax charge of €1.1 million corresponding to transactions subject to the rate of 15%.

Tax loss carry-forwards

At 31 December 2015, the consolidated group had no more short-term carry-forwards.

Groupama SA tax audit

The group underwent a tax audit in 2010. Reserves have not been recognised for some of the adjustments considered to be excessive by the tax authorities for technical reserves for property and casualty as well as long-term care risk. The group considers that the reasons for adjustments are highly questionable and has prepared technical arguments for a litigation process. The sums demanded in 2013 have been recorded in tax debts with an offset to income receivable from the government. There was no progress in the litigation process during 2015, reversing the position adopted during the closing of the 2013 accounts.

NOTE 22 BREAKDOWN OF PERSONNEL EXPENSES

(in thousands of euros)	31.12.2015	31.12.2014
Salaries	69,602	66,112
Social Security charges	31,131	29,318
Other	5,142	3,956
TOTAL	**105,875**	**99,386**

These figures correspond to the de facto Groupama SA grouping after allocation to each of its constituents. In 2015, the average rate of expenses of the group kept by Groupama SA was 72.60%.

The Company receives the tax credit for competitiveness and employment (CICE) calculated in accordance with Article 244 *quater* C of the French General Tax Code at 6%. During fiscal year 2015, the CICE amounted to €0.4 million.

The use of this tax credit particularly permitted the financing of:

- actions to improve the competitiveness of the Company through investments relating to business prospecting, improvement of customer satisfaction, and reinforcement of technical analysis and management procedures;
- IT and process developments related to the use of new technologies;
- employee training.

NOTE 23 WORKFORCE

Personnel

Total number	31/12/2015	31/12/2014
Senior management	144	142
Executives	940	940
Non-managerial staff	184	190
TOTAL PERSONNEL	**1,268**	**1,272**

NOTE 24 DIRECTORS' COMPENSATION

The amount of compensation paid out during fiscal year 2015 to the Groupama SA administrative and executive bodies was respectively €294.5 thousand and €5,971 thousand. All compensation and benefits paid to Managers are detailed in section 3.3 of this registration document.

NOTE 25 PROPOSED ALLOCATION OF INCOME

It was decided to appropriate the profit for the fiscal year amounting to €69,973 thousand, to which is added the previous retained earnings balance of €321,193 thousand, *i.e.* a distributable profit of €391,166 thousand, as follows:

- distribution of dividends: €14,262 thousand
- retained earnings: €376,904 thousand

NOTE 26 SUBSIDIARIES AND EQUITY INTERESTS

Information about subsidiaries and equity interests *(in thousands of euros)*

Detailed information about equity interests with gross amount greater than 1% of the capital of the Company's capital, subject to publication:	Proportion of Capital held as at 31.12.2015	Book value of securities held as at 31.12.2015		Premium income of the last fiscal year	Income (Loss) of the last fiscal year
		gross	net		
Subsidiaries (more than 50% owned)					
Insurance companies:					
GAN ASSURANCES	99.99%	671,462	636,485	1,425,187	(13,060)
GROUPAMA GAN VIE	97.48%	2,631,665	2,631,665	3,399,340	90,197
GROUPAMA ASSURANCE CREDIT	99.99%	19,818	19,818	37,557	3,332
AMALINE ASSURANCES	99.99%	180,551	20,361	56,930	98
GROUPAMA GARANCIA BIZTOSITO	100.00%	598,433	373,562	298,467	16,364
GROUPAMA ASIGURARI SA	100.00%	596,796	215,524	177,912	3,840
GROUPAMA ASSICURAZIONI	100.00%	1,425,276	1,425,276	1,600,171	32,116
GROUPAMA SEGUROS DE VIDA	100.00%	60,540	60,540	95,652	(172)
RAMPART INSURANCE COMPANY	100.00%	27,767	0	NC	NC
GAN OUTRE MER	99.99%	31,636	31,636	63,947	15,207
GROUPAMA VIETNAM	100.00%	19,193	7,266	3,825	36
GROUPAMA PHOENIX	100.00%	272,640	154,159	138,239	9,504
GROUPAMA ZHIVOTZASTRAHOVANE	100.00%	73,396	6,873	4,944	164
GROUPAMA AVIC PROPERTY INSURANCE	50.00%	63,526	63,526	235,000	2,135
Other companies:					
GROUPAMA BANQUE	84.00%	318,403	318,403	90,305	5,229
GAN PRÉVOYANCE	99.99%	49,758	0	0	(5,218)
GUK BROKING SERVICES LIMITED	100.00%	529,574	130,668	0	6,940
GROUPAMA BOSPHORUS INVESTISSEMENT	100.00%	352,237	194,255	0	1,151
Stakes held between 10 & 50%					
COMPAGNIE FONCIÈRE PARISIENNE	32.74%	264,751	264,751	25,020	10,222
Société Tunisienne d'Assurances et de Réassurances	35.00%	77,569	62,474	143,000	32,330
LA BANQUE POSTALE ASSURANCES IARD	35.00%	119,328	119,016	259,589	(13,375)
GUNES SIGORTA	36.00%	37,898	33,695	474,000	(36,203)
SOCIETE FORESTIÈRE GROUPAMA	43.82%	36,069	36,069	5,197	2,029
GROUPAMA PROTECTION JURIDIQUE	41.90%	20,245	20,245	94,285	13,241

NOTE 27 INFORMATION CONCERNING SUBSIDIARIES AND EQUITY INTERESTS

Overall information on all subsidiaries and equity interests *(in thousands of euros)*	**Book value of securities held**		**Total loans and advances granted**	**Total guarantees and surety given**	**Total dividends collected** [(1)]
	Gross	**Net**			
Subsidiaries:					
French	3,939,730	3,676,133	753,005	28,876	209,074
Foreign	4,057,727	2,663,285	22,000	73,418	52,403
Equity interests:					
French	451,181	449,073	569	0	5,428
Foreign	115,930	96,395	0	0	1,265

(1) Including SCI results.

NOTE 28 CONSOLIDATION

Groupama SA prepares:

- consolidated accounts incorporating all of its subsidiaries;
- combined financial statements incorporating the regional mutuals with which a combination agreement has been signed.

The consolidated and combined financial statements are prepared in accordance with International Financial Reporting Standards and applicable interpretations as approved by the European Union.

6.4 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

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

(Year ended 31 December 2015)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
Tour Exaltis
61, rue Henri-Régnault
92400 Courbevoie

Dear Shareholders,

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

- the audit of the accompanying annual financial statements of Groupama SA;
- the justification of our assessments;
- the specific verifications and information required by law.

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

I – OPINION ON THE ANNUAL FINANCIAL STATEMENTS

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

In our opinion, the financial statements give a true and fair view of the assets and liabilities, the financial position of the Company at 31 December 2013 and the results of its operations for the year then ended in accordance with French accounting principles.

II – JUSTIFICATION OF OUR ASSESSMENTS

Pursuant to the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- note 3.1 sets out the accounting rules and methods for determining certain technical items specific to insurance and reinsurance, in the assets and liabilities of your company's financial statements, estimated on statistical and actuarial bases, particularly technical reserves.

  In particular, we examined the calculation methods and assessed the reasonableness of the assumptions applied, specifically with regard to Groupama SA's regulatory environment and its experience;
- notes 3.2.2 and 5.2 set out the accounting rules and methods for valuation of reserves for impairment on the securities portfolio.

We verified that the valuation of the reserves applying to assets subject to Article R. 332-20 of the Insurance Code was consistent with Groupama SA's intent to hold these instruments, and we examined, as needed, the data, assumptions applied, and documentation prepared within that framework.

We examined the analyses performed by the Company of any risks attached to assets subject to Article R. 332-19 of the Insurance.

Concerning equity shareholdings, we examined the disclosures made by management on the activity and anticipated future prospects, as well as the criteria and assumptions applied to determine their profitability and the resulting reserves.

We also verified the appropriateness of the disclosures made in the attached notes related to financial instruments, specifically Note 5.

These assessments were made as part of our audit of the annual financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – SPECIFIC VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to compensation and benefits received by corporate officers and any other commitments made in their favour, we have verified their consistency with the annual financial statements, or with the underlying information used to prepare these annual financial statements and, where applicable, with the information obtained by your company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Courbevoie, 18 March 2016

The statutory auditors

PricewaterhouseCoopers Audit — Mazars

Éric Dupont — Jean-Claude Pauly — Nicolas Dusson

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LEGAL INFORMATION

7.1 COMPANY INFORMATION

7.1.1 IDENTIFICATION

The Company was founded on 11 December 1987 for a period of 99 years, *i.e.*, until 11 December 2086.

It is registered with the Paris Trade and Companies Register under number 343 115 135.

7.1.2 CURRENT STATUTORY PROVISIONS

Note that the Company's bylaws do not provide for stricter conditions than the law for the modification of shareholder rights, which can therefore only take place under legal conditions.

7.1.2.1 Form (Article 1)

The Company, which under French law is a *société anonyme*, is governed by current and future legislative and regulatory provisions and by these bylaws.

7.1.2.2 Purpose (Article 2)

The Company's corporate purpose is as follows:

- activities involving insurance and co-insurance against risks of any kind, excluding life insurance and capitalisation;
- reinsurance of regional or *départemental* agricultural insurance and reinsurance companies and mutuals, in accordance with the provisions of the Insurance Code;
- the substitution of agricultural insurance and reinsurance companies and mutuals exempt from administrative approval, for the establishment of guarantees provided for by insurance regulation and the execution of insurance commitments assumed by such companies or mutuals, pursuant to Article R. 322-132 of the Insurance Code;
- the reinsurance of all insurance or reinsurance companies, of any corporate form, having their registered office in France or abroad;
- engaging in any activities involving cession, retrocession or compensation of the risks it insures or reinsures;
- being the central body of the network of agricultural insurance and reinsurance companies (hereinafter "mutuals") within the meaning of Article L. 322-27-1 of the Insurance Code. In this capacity, it is particularly responsible for:
  - ensuring the cohesion and proper operation of the network,
  - ensuring the application of the legislative and regulatory provisions relating to the organisations within the network,
  - exercising administrative, technical and financial control over the organisation and management of the organisations within the network,
  - setting the strategic guidelines for the network, issuing any appropriate instructions in this regard and ensuring their actual implementation,
  - also taking all necessary measures to ensure solvency and compliance with the commitments of each of the organisations within the network and of the entire Group;
- facilitating and promoting the business activity and development of the mutuals and the entire Group;
- holding interests in France and abroad, specifically in insurance, reinsurance, banking, financial services and related activities;
- and, more generally, any financial, commercial, manufacturing, civil, real-estate or property-related transactions that might relate directly or indirectly to its corporate purpose and any similar or related purposes.

7.1.2.3 Corporate name (Article 3)

The Company's name is the following: Groupama SA.

7.1.2.4 Registered office (Article 4)

Its registered office is located at 8-10, rue d'Astorg – 75008, Paris.

It may be relocated to any other place within the same *département* or to a neighbouring *département* by decision of the Board of Directors, provided such decision is approved by the next Ordinary General Meeting.

7.1.2.5 Duration (Article 5)

The Company's duration is 99 years as of the date of its registration with the Trade and Companies Register, except in the case of early dissolution or renewal.

7.1.2.6 Contributions (Article 6)

Contributions to the Company may be made in cash or in kind.

a) Upon the Company's founding, shareholders contributed, in cash, a total of two hundred and fifty thousand (250,000) francs, corresponding to the par value of the 2,500 shares of one hundred (100) francs each, which were fully subscribed and paid on subscription.

b) On 23 November 1990, the Extraordinary General Meeting resolved to increase the par value of the Company's shares to 1,000 francs.

The same meeting resolved to increase the Company's share capital from two hundred and fifty thousand (250,000) francs to three billion, five hundred and forty-seven million (3,547,000,000) francs.

c) On 14 December 1993, the Extraordinary General Meeting resolved to increase the Company's capital to four billion, five hundred and sixty-five million (4,565,000,000) francs.

d) By authorisation of the Extraordinary General Meeting of 14 February 1995, the Board of Directors, at its meeting on 14 February 1995, resolved to increase the Company's share capital from four billion, five hundred and sixty-five million (4,565,000,000) francs to five billion, two hundred and forty-five million, three hundred thousand (5,245,300,000) francs, through the issue of six hundred and eighty thousand, three hundred (680,300) cash shares.

e) The Extraordinary General Meeting of 28 June 1996 resolved to increase the Company's share capital from five billion, two hundred and forty-five million, three hundred thousand (5,245,300,000) francs to five billion, three hundred and twenty-seven million, six hundred and four thousand (5,327,604,000) francs, through the issue of eighty-two thousand, three hundred and four (82,304) shares issued at the price of 1,215 francs, *i.e.*, with an issue premium of 215 francs per share.

f) By authorisation of the Extraordinary General Meeting of 16 April 1998 and a decision of the Board of Directors of 9 July 1998, the Company's capital was increased from five billion, three hundred and twenty-seven million, six hundred and four thousand (5,327,604,000) francs, to sixteen billion, five hundred and eighty-five million, six hundred and sixteen thousand (16,585,616,000) francs, through the issue of eleven million, two hundred and fifty-eight thousand and twelve (11,258,012) cash shares.

g) The Extraordinary General Meeting of 24 July 2000 resolved to reduce its capital by 8,624,520,320 francs by reducing the par value of each share from 1,000 francs to 480 francs.

h) The Extraordinary General Meeting of 12 September 2000 resolved to divide the par value of the shares by three, thus reducing the par value of each share from 480 francs to 160 francs.

I) At an Extraordinary General Meeting held on 29 June 2001, it was resolved to convert the Company's share capital to euros by converting the par value of the shares in accordance with the official conversion rate. It was resolved to round the par value of each share up from €24.3918427579 to €24.50. Consequently, the Company's share capital was increased by €5,381,563.46 from €1,213,661,212.54 to €1,219,042,776.

j) With the merger-absorption of Groupama Finance, pursuant to Article L. 236-11 of the French Commercial Code dated 28 June 2002, the assets of that Company were transferred. The net value transferred, €119,155,061, was not subject to compensation.

k) The Extraordinary General Meeting of 28 June 2002 resolved to increase the share capital by a total of €12,699,060.50, from €1,219,042,776 to €1,231,741,836.50, following the merger-absorption of Groupama Réassurance.

l) On 28 June 2002, the share capital was increased by a total of €8,035,485.50, from €1,231,741,836.50 to €1,239,777,322 following the merger-absorption of Gan SA.

m) With the merger-absorption of Groupama Assurances et Services, pursuant to Article L. 236-11 of the French Commercial Code dated 25 June 2003, the Company's assets were transferred. The net value transferred, €278,092,450, was not subject to compensation.

n) The Extraordinary General Meeting of 18 December 2003 successively resolved to:

- reduce the share capital by €1,239,271,290.44, from €1,239,777,322 to €506,031.56, by reducing the par value of the shares from €24.50 to €0.01, to clear a portion of the losses carried forward;
- increase the share capital by €72,755.36, from €506,031.56 to €578,786.92, by creating 7,275,536 shares of €0.01 each, following the transfer by the CCAMA of all items relating to the operation of its activity involving reinsurance of the regional mutuals and administration of the Group's Equity Management Division; the proceeds of the transfer and the correlating capital increase were confirmed by the Board of Directors, which met on the same day after the EGM;
- increase the share capital by €1,185,934,399.08, from €578,786.92 to €1,186,513,186, by increasing the par value of the shares by €20.49 to a total of €20.50, through the incorporation of a total of €297,429,134.92 to be withdrawn from the "Other reserves" account, and a total of €888,505,264.16 from the "Issue, merger, and transfer premiums" account.

o) With the merger-absorption of Groupama International, pursuant to Article L. 236-11 of the French Commercial Code, the assets of that Company were transferred. The net value transferred, €1,200,002,263.81, was not subject to compensation.

p) By authorisation of the Extraordinary General Meeting of 25 May 2011 and a decision of the Board of Directors dated 25 November 2011, the Company's capital was increased from €1,186,513,186 to €1,686,569,399 with the issue of 97,571,944 cash shares.

q) By authorisation of the Extraordinary General Meeting of 18 June 2015 and a decision of the Board of Directors dated 26 January 2016, the Company's capital was increased from €1,686,569,399 to €2,088,305,152 with the issue of 78,387,464 cash shares.

7.1.2.7 Share capital (Article 7)

The share capital is set at a total of €2,088,305,152. It is divided into 407,474,176 shares of €5.125 each, fully paid up and all of the same category.

7.1.2.8 Change in the share capital (Article 8)

The share capital may be increased, reduced, or amortised in accordance with current laws and regulations.

7.1.2.9 Form of the shares (Article 9)

The shares are registered.

Share ownership corresponds to their registration in the name of the holder or holders in the accounts maintained for this purpose by the Company under the conditions and in accordance with the methods prescribed by law.

At the shareholder's request, a registration certification will be issued thereto by the Company.

7.1.2.10 Transfer of shares – Approval clause (Article 10)

Shares may only be transferred to third parties and Groupama SA by account-to-account transfer.

The sale of Groupama SA shares to a third party in any way whatsoever is subject to approval by the Board of Directors ruling by a two-thirds majority of members present or represented.

In the event of a sale to a third party, the request for approval, indicating the buyer's corporate name or identity, the number of shares envisaged in the sale and the price offered, is to be submitted to the Company by registered letter with return receipt.

Approval is in the form either of a notification, or the absence of response within three months after the request.

In the event that Groupama SA fails to approve the proposed buyer within three months after the notification of refusal, the Board of Directors is required to acquire the shares either from a shareholder, or from a third party, or, with the consent of the seller, from Groupama SA within the framework of a capital reduction in accordance with Article 8.

Failing an agreement between the parties, the price of the shares is set under the conditions stipulated in Article 1843-4 of the Civil Code. For purposes of the appraisal report, either party may abandon the transaction provided that it informs the other party thereof within fifteen days of the filing of the report from the designated appraiser. Abandonment by the seller shall be construed as abandonment of the planned sale by operation of law.

If the purchase is not completed at the expiry of the three-month period after the notification of refusal, approval of the buyer is considered as given, unless the seller has abandoned its plan to sell. However, this period may be extended by legal decision at the request of Groupama SA.

In the event of an acquisition and with a view to settling the transfer of ownership of the shares in favour of the buyer or buyers, the seller will be asked by the Board of Directors to sign the corresponding transfer order within the period that has been set.

In the event that a third party is approved, the sale may occur under the specific pricing conditions indicated in the request for approval and no later than within three months after the date the approval was obtained. Failing that, this approval shall be null and void.

Transfers of shares for the purpose of allowing a Director to carry out their appointment are not covered by these provisions.

7.1.2.11 Rights and obligations corresponding to the shares (Article 11)

In addition to voting rights, each share allows entitlement to a share in the profits and in the proceeds of liquidation of the corporate assets, in proportion to the number of existing shares.

Whenever it is necessary to own several shares to exercise any right whatsoever, individual shares or those in a number lower than that required will give no right to their owners against the Company, as in this case the shareholders will be required to assume personal responsibility for consolidating the necessary number of shares.

7.1.2.12 Board of Directors (Article 12)

(a) Membership of the Board of Directors

The Company is administered by a Board of Directors made up of two categories of Director:

- Directors appointed by the Ordinary General Meeting of Shareholders.

  They are a minimum of nine (9) and a maximum of eighteen (18).

  The Directors are appointed by the Ordinary General Meeting of Shareholders for a term of office of six (6) years.

  A Director appointed to replace another will only exercise his or her duties during the remaining term of office of his or her predecessor;
- Directors elected by Company employees.

  The status and the terms and conditions of election of these Directors are set by Articles L. 225-27 to L. 225-34 of the French Commercial Code, as well as the bylaws.

  They are two (2) in number, including one management representative.

  Under no circumstances can their number exceed one third of the number of Directors appointed by the General Meeting.

  They are appointed for four (4) years.

Regardless of his or her method of appointment, the duties of a Director will end at the end of the Ordinary General Meeting approving the corporate financial statements for the fiscal year just ended, held in the year when his or her term of office expires.

Any outgoing member may be re-elected. The age limit for exercising the duties of Director is set at his or her seventieth (70th) birthday, with a member of the Board of Directors to be deemed as officially resigning upon completion of the Ordinary General Meeting held in the year of his or her sixty-ninth birthday.

Each Director must own at least one (1) share for the entire duration of his or her term of office.

(b) Conditions for the election of employee Directors

For each vacant seat on the Board, the method of ballot counting is as provided for in the legal provisions.

In all cases or for any reason whatsoever, should the number of seats of elected Directors actually filled fall below two before the normal expiry of these Directors' term of office, the vacant seats will remain vacant until such expiry date and until then, the Board of Directors will continue to meet and carry out valid business.

Elections are held every four (4) years, such that a second round may be held no later than fifteen days before normal expiry of the term of office of the outgoing Directors.

For both the first and the second rounds of balloting, the time frames to be met for each vote are the following:

- the election date is to be posted at least eight weeks prior to the balloting date;
- the list of voters is to be posted at least six weeks before the balloting date;
- candidates are to file at least five weeks before the balloting date;
- the lists of candidates are to be posted at least four weeks before the balloting date;
- the documents needed for voting by mail are to be posted at least three weeks before the balloting date.

Candidates or lists of candidates may be nominated either by one or more representative union organisations, or by one-twentieth of the voters or, if their number is greater than two thousand, by one hundred voters.

The balloting will be carried out on the same day at the workplace and during business hours. However, the following may vote by mail:

- employees absent on the balloting date;
- employees of a department or office or assigned to a subsidiary in France without a voting office and who cannot vote in another office.

Each voting office consists of three voter members, chaired by the eldest of them. They are responsible for the successful outcome of the voting activities.

Ballots will be counted in each voting office immediately after the close of balloting; the minutes will be prepared upon completion of the counting.

The reports are immediately transferred to the registered offices of the Company, where an office will be established to consolidate the results with a view to preparing the summary report and announcing the results.

Directors elected by Company employees will assume office after the meeting of the Board of Directors held after the announcement of the results.

The conditions for balloting not defined by Articles L. 225-27 to L. 225-34 of the French Commercial Code, or by these bylaws, are set by Executive Management after consultation with the representative union organisations.

7.1.2.13 Organisation and deliberations of the Board (Article 13)

(a) Chairman of the Board of Directors

The Board of Directors will elect a Chairman from among its individual members and will set the Chairman's compensation and term of office, which may not exceed that of his or her term as Director.

If the acting Chairman attains the maximum age of 70 set for his or her term of office as Director, his or her duties will terminate upon completion of the Ordinary General Meeting held in the year of his or her sixty-ninth birthday.

The Chairman will organise and lead the work of the Board of Directors, on which he or she reports to the General Meeting. The Chairman will ensure the successful functioning of the corporate bodies and specifically ensure that the Directors are capable of fulfilling their duties.

(b) Vice Chairman

The Board of Directors may appoint from among its members a Vice-Chairman, whose duties, in the event of the Chairman's impediment, consist of convening and chairing Board meetings, as well as chairing the General Meeting.

(c) Meetings of the Board of Directors

The Board of Directors will meet as often as the Company's interest so requires, whenever convened by the Chairman, at the corporate registered offices or any other location indicated by the notice to meet.

In the event of the Chairman's impediment, the Board of Directors may be summoned either by the Vice-Chairman, or by at least one third of its members or by the Company Chief Executive Officer if he or she is a Director.

Directors may be convened by letter or by any other means. In any event, the Board may at all times carry out its business lawfully if all members are present or represented.

(d) Deliberations of the Board of Directors

Meetings of the Board are chaired by the Chairman of the Board of Directors or by the Vice-Chairman, and failing this, by a Director appointed for this purpose at the start of the meeting.

Each Director may give one of his or her colleagues power of attorney to represent him or her, but each Director may only represent one of his or her colleagues, and each power of attorney may only be given for a specific Board meeting. The presence of at least half the members of the Board is, in all cases, necessary for the Board to deliberate lawfully.

The Chief Executive Officer will attend Board meetings.

A representative of the works council will attend Board meetings under the conditions set by the legislation in force.

At the initiative of the Chairman of the Board of Directors, the statutory auditors or other parties outside the Company with specific competence relating to items on the agenda may attend all or part of a Board meeting.

Resolutions will be passed by a majority vote of members present or represented. In the event of a tie, the Chairman of the meeting shall have the casting vote.

The duties of Board Secretary will be performed by a member of the Board appointed by the Chairman.

Under the conditions provided for by law, the internal regulation may provide that meetings may be held by video-conferencing or by any method of telecommunication. In accordance with the legal and regulatory provisions and within the limits so stipulated, Directors who participate in Board meetings by video-conferencing or any method of telecommunication are deemed as present for purposes of calculating quorum and majority.

The Chairman of the Board of Directors or, in his or her absence, the party convening the meeting, will inform the individuals invited of the media to be used for the meeting.

Minutes shall be kept and copies or extracts issued and certified in accordance with the law.

7.1.2.14 Authority of the Board of Directors (Article 14)

The Board of Directors sets the Company's business strategy and oversees its implementation. Subject to the powers expressly assigned to the General Meeting and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the Company and settles the matters concerning it through its deliberations.

The following decisions are subject to the prior approval of the Board of Directors:

- amendments and the annual implementation of the reinsurance agreement with the regional or *départemental* mutuals and the agreement on security and solidarity plans;
- any issues of securities, irrespective of the type, that may result in a change in the share capital;

- any significant operations that may affect the Group's strategy and its scope of activities;
- vote by secret ballot: any decision to resort to solidarity funds pursuant to the agreement on security and solidarity plans;
- termination of the agreement on security and solidarity plans at the initiative of Groupama SA.

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

The following operations are also subject to approval by the Board of Directors if any of the categories below exceeds a unit amount set by the Board of Directors:

- taking or disposing of any interests in any companies created or to be created, subscribing to any issues of equities, stocks or bonds, excluding the insurance investment business and cash operations;
- acquiring or disposing of any properties, excluding the insurance investment business;
- granting pledges on corporate property;
- taking out any loans, excluding cash operations carried out with companies that have capital ties to the Company, either directly or indirectly.

The Board may resolve to create committees responsible for investigating or reviewing issues that it or its Chairman submits, upon notification, for their review.

The Board of Directors is authorised to prepare an internal regulation intended to set the operating rules for the corporate bodies that are not covered by the bylaws.

7.1.2.15 Compensation paid to the members of the Board of Directors (Article 15)

Board members may receive compensation in the form of Directors' fees, the total amount of which, as set by the General Meeting, is distributed by the Board among the beneficiaries in such proportions as it deems appropriate.

Extraordinary compensation may be allocated to Board members by the Board of Directors, in the cases and under the conditions set by law.

7.1.2.16 Executive Management of the Company (Article 16)

The Company's Executive Management is assumed by either the Chairman of the Board of Directors, or another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The choice between these two methods of undertaking Executive Management is to be made by the Board of Directors under the conditions of Article 13 of the bylaws.

Shareholders and third parties are to be informed of this choice pursuant to current provisions.

The Chief Executive Officer is vested with the broadest powers to act on behalf of the Company under any and all circumstances. He or she will exercise this authority within the scope of the corporate purpose and subject to such constraints as the law expressly attributes to Shareholder Meetings and the Board of Directors. He or she will represent the Company with respect to third parties.

The Board of Directors sets the duration of the duties of the Chief Executive Officer, which may not exceed either that of the division between the duties of Chairman and Chief Executive Officer, or that of his or her term of office as Director. The Board will also set the compensation of the Chief Executive Officer.

Upon the recommendation of the Chief Executive Officer, the Board of Directors can appoint an individual to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officer. His or her authority will be set by the Board of Directors in agreement with the Chief Executive Officer.

The Board of Directors shall also set his or her compensation.

No one aged 65 or older may be appointed Chief Executive Officer or Deputy Chief Executive Officer. If the Chief Executive Officer or Deputy Chief Executive Officer reaches the age of 65, his or her duties will terminate upon completion of the next Ordinary General Meeting approving the financial statements for the fiscal year just ended.

7.1.2.17 Agreements (Article 17)

The provisions of Articles L. 225-38 to L. 225-43 of the French Commercial Code apply to agreements entered into directly or *via* an intermediary, between the Company and its Chief Executive Officer, one of its Delegated Executive Officers, one of its Directors, one of its shareholders holding a fraction of voting rights greater than the threshold set by current regulation or, in the case of a company shareholder, its controlling company under the terms of Article L. 233-3 of the French Commercial Code.

7.1.2.18 Non-voting Board members (Article 18)

At the proposal of the Board of Directors, the Ordinary General Meeting may appoint non-voting Directors, who may not exceed six in number.

In the event of a vacancy of one or more non-voting Director positions due to death or resignation, the Board of Directors may accept provisional nominations, subject to approval by the next Ordinary General Meeting.

Non-voting Board members, who are chosen from among or outside the body of shareholders by virtue of their competence, will form an association.

They are appointed for a period of six years to end upon completion of the meeting approving the financial statements for the fiscal year just ended and held within the year during which their terms of office expire.

The Ordinary General Meeting may, under all circumstances, revoke one or more non-voting Board members and undertake to replace them, even if such revocation does not appear on the agenda.

Non-voting Directors are to be invited to meetings of the Board of Directors and shall take part in the deliberations in an advisory capacity. However, their absence shall not prevent the meeting from deliberating lawfully.

7.1.2.19 Statutory auditors (Article 19)

Control is exercised by one or more acting statutory auditors appointed and exercising their duties in accordance with the law.

7.1.2.20 General Meetings (Article 20)

General Meetings are convened and shall deliberate under the conditions set by law.

Meetings are held at the corporate registered offices or at any other location defined in the notice convening the meeting.

Any shareholder may attend General Meetings in person or by proxy upon proof of identity and ownership of his or her shares in the form of registration in his or her name on the books of the Company, as of the third business day preceding the General Meeting, at midnight Paris time.

Shareholders may only be represented by their spouse or another shareholder.

Corporate shareholders may participate in the meetings through their legal representatives or any other party appointed for that purpose by the latter.

Shareholders may participate in the General Meetings by video conference or any method of telecommunication authorised by current provisions, under the conditions set therein and when the summons so provides.

Meetings are to be chaired by the Chairman of the Board of Directors or, in his or her absence, the Vice-Chairman or a Director appointed for this purpose by the Chairman of the Board of Directors.

The duties of teller are to be fulfilled by the two members of the meeting present and accepting who have the largest number of votes.

The meeting officers will appoint the secretary, who may be chosen from outside the shareholders.

An attendance sheet will be prepared under the conditions provided for by law.

In all General Meetings, the voting right attached to shares containing a right of usufruct is to be exercised by the usufruct holder.

Copies or extracts of the meeting minutes are to be certified as valid by the Chairman of the Board of Directors, a Vice-Chairman, or the meeting secretary.

7.1.2.21 Deliberation of the meetings (Article 21)

Ordinary and Extraordinary General Meetings, ruling under the conditions of quorum and majority stipulated by the provisions respectively governing them, will exercise the powers attributed to them by law.

A voting right double that conferred on shares by the law, with regard to the proportion of share capital they represent, is to be allocated to all fully paid shares, for which nominative registration will be justified after at least two years in the name of the same shareholder either of French nationality, or originating from a Member State of the European Union.

7.1.2.22 Fiscal Year (Article 22)

The fiscal year will have a duration of twelve months. It will begin on 1 January and end on 31 December of each year.

7.1.2.23 Allocation of profit or loss (Article 23)

The financial statement summarising revenue and expenses for the year will show, by difference, the profit or loss for the year, after deducting amortisations and provisions.

Distributable earnings are set in accordance with the law.

The General Meeting may withdraw any amounts it deems appropriate from these earnings, to be allocated to any accounts containing reserves, funds carried forward, or funds for distribution.

7.1.2.24 Methods of paying dividends – Interim dividends (Article 24)

The General Meeting is authorised to grant each shareholder, for all or part of the dividend distributed or interim dividends, an option between payment of the dividend or interim dividends in cash or in shares, subject to the legal conditions.

A request for payment of the dividend in shares or interim dividends must be made in accordance with the conditions set by law.

The methods of paying dividends in cash or in shares are set by the General Meeting or, failing this, by the Board of Directors.

The Board of Directors may approve the distribution of an interim dividend, under the conditions set by law.

7.1.2.25 Dissolution – Liquidation (Article 25)

Except in the case of an extension approved by the Extraordinary General Meeting, the Company shall be dissolved on expiry of the term set by the bylaws. Dissolution may also occur at any time by decision of the Extraordinary General Meeting.

The Meeting governs the method of liquidation and appoints one or more receivers and defines their authority. The receivers shall exercise their duties in accordance with the law.

Except in the case of a merger, split, or consolidation of all shares, the Company's expiry or dissolution, for any reason whatsoever, will result in its liquidation.

7.1.2.26 Disputes (Article 26)

Any disputes that might occur between the Company and shareholders, or between the shareholders themselves regarding corporate affairs, during the lifetime of the Company or upon its liquidation, will be subject to the jurisdiction of the competent courts.

7.1.3 INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

The purpose of the Internal Regulations is to define or supplement certain regulatory and statutory provisions concerning the functioning of the Board of Directors and the Executive Management and to define the rights and obligations of the Directors. Each Director, by accepting his or her term of office, agrees to abide by these Internal Regulations. In the case of any corporate Directors, these regulations apply to the legal entity as well as individually to its individual representative.

On 12 December 2013, the Company's Board of Directors updated the Internal Regulations in order to detail the rights and obligations of the central body and to incorporate adaptations regarding governance.

7.1.3.1 Operation of the Board of Directors

(a) Purpose of the Board of Directors

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

Within the framework of the powers conferred on the central body referred to in Article L. 322-27-1 of the Insurance Code, the Company's Board of Directors is responsible for the following in particular:

- ensuring and taking any necessary measures to achieve the cohesion and proper operation of the network of agricultural insurance and reinsurance companies or mutuals referred to in Article L. 322-27-2 of the Insurance Code (hereinafter "network");
- setting the strategic guidelines for the network;
- ruling on the dismissal of any Chief Executive Officer as well as the collective dismissal of members of the Board of Directors of an organisation within the network in the cases provided for in Article L. 322-27-2 of the Insurance Code. Under these circumstances, the Board of Directors provisionally appoints the individuals responsible for assuming their duties until the election of new Board members.

The Board is to be assisted by technical committees in performing its tasks.

(b) Committees of the Board of Directors

The Board of Directors' committees have no power themselves and their responsibilities neither reduce nor limit the powers of the Board. They are responsible for enlightening the Board of Directors in certain areas. In accordance with Article R. 225-29 of the French Commercial Code, the Board of Directors decided to create within itself an Audit and Risk Management Committee, a Compensation and Appointments Committee and an Agreements Committee. Details of the duties, membership and functioning of each of these committees are attached to this regulation (Appendices 1 to 3). The Board of Directors is responsible for ensuring the proper operation of the committees. The Board of Directors may also create *ad hoc* committees charged with studying specific issues as they arise.

(c) Membership of the Board of Directors

The Board of Directors must consist of Directors with the skills, experience, independence of mind and willingness to be involved in the Company's business. These Directors are appointed to serve the interests of the Company.

The Board's membership must ensure impartiality in its deliberations. In addition to Directors representing the controlling shareholder and Directors elected by corporate employees, the Board will consist of at least three (3) external Directors who do not have any direct or indirect relationship with the Company and/or companies of the Group to which the Company belongs (Independent Directors).

Status of Independent Director

A Director is considered independent when he or she maintain no relationship of any kind whatsoever with the Company, its group or its management, which might compromise the exercise of his or her freedom of judgement.

The classification of Independent Director must be discussed by the Compensation and Appointments Committee and reviewed each year by the Board of Directors prior to the publication of the annual report. The Board of Directors shall inform the shareholders of the findings of this assessment at the General Meeting called to nominate the Company Directors or to approve appointments made by nominations by the Board of Directors.

Moreover, the Board must also annually verify the individual status of each Director with regard to the status of Independent Director and report its findings in the annual report.

It is assisted in this by the Compensation and Appointments Committee.

(d) Non-voting Board Members

Pursuant to Article 18 of the Company bylaws, the General Meeting of Shareholders may appoint one or more non-voting Company Directors, up to a maximum of six.

All obligations of the Directors under the terms of this article shall apply to the non-voting Directors, in particular when the obligations result from provisions applicable only to Directors (whether these provisions derive from the law, from decrees or from regulations, specifically those of the French Financial Markets Authority (AMF – Autorité des Marchés Financiers)).

(e) Notice convening meetings – holding of Board of Directors' meetings

The Board of Directors will meet at least four times per year when convened by its Chairman or by any party to whom it delegates this task. If the Board has not met for more than two (2) months, at least one third of the Board members may request the Chairman to convene a meeting for a specific agenda. Notices convening meetings shall be made by letter, telegram, telex, fax or e-mail, or verbally and may be sent by the General Secretary. The Chief Executive Officer may also request that the Chairman convene the Board for a specific agenda.

A draft schedule of meetings is to be prepared no later than December, for the following year.

Directors may ask the Chairman to invite the Company's principal administrative officers to meetings of the Board of Directors or committee meetings to question them on any issues relating to the exercise of their duties. The Board is to vote on the basis of a majority of members present and represented, on the attendance and hearing of these officers. Minutes of the Board of Directors or committee meetings will summarise the discussions that took place.

(f) Provisions specific to the holding of Board meetings by video conference or any method of telecommunication

Directors who participate in Board meetings by video conference or any other method of telecommunication, in accordance with the legal and regulatory provisions and within the established limits, are deemed to be present for purposes of calculating a quorum and majority.

These methods must have technical characteristics that guarantee effective participation in the Board meeting and must allow the continuous broadcast of its deliberations.

However, participation in Board meetings by video conference is not possible for ruling on the following decisions:

- appointment, compensation and dismissal of the Chairman, Chief Executive Officer and Deputy Chief Executive Officer;
- preparation of the annual financial statements and management report;
- preparation of the consolidated and combined financial statements and management reports.

(g) Secretarial duties of the Board of Directors

The secretarial duties of the Board of Directors are to be fulfilled by the General Secretary of Groupama SA.

(h) Attendance record and minutes

In accordance with the law and current regulations, an attendance record is to be maintained, which is to be signed by the Directors participating in the Board meetings, indicating the names of the Directors deemed present under the terms of Article L. 225-37 of the French Commercial Code.

The minutes will report the discussions as fully as possible.

Copies or extracts of the minutes of the discussions are to be certified as valid by the Chairman, the Chief Executive Officer, the Deputy Chief Executive Officer, the Director temporarily assigned to the duties of meeting Chairman, the Secretary of the Board, or a legal representative authorised for this purpose.

(I) Assessment of the Board of Directors

In a report attached to the management report, the Chairman will describe the conditions for preparing and organising the Board's tasks, internal control procedures and the limits of its powers, if applicable.

To allow for preparation of this report, at least once per year, during one of its meetings, the Board of Directors will dedicate a point on its agenda to a discussion of its operation.

The Compensation and Appointments Committee is responsible for ensuring the proper application of the recommendations resulting from the assessment of the Board of Directors and its committees and for submitting regular reports to the Board.

7.1.3.2 Rights and obligations of Directors

(a) Submission of the bylaws and Internal Regulations

Before accepting their duties, all Directors must be familiar with the laws and regulations relating to their duties. A copy of the Company bylaws and of this internal regulation will be submitted to them upon entering into office. The Board will provide for updating of the Internal Regulations to take into consideration any legal and regulatory changes as well as any changes to local practice.

(b) Training

If necessary, Directors and members of specialist committees may receive additional training on the specific nature of the Company and its subsidiaries, the Group's operating methods, its core activities and its business lines.

(c) Participation in Board and committee meetings

A Director must dedicate the necessary time and effort to his or her duties. He or she must undertake faithfully to attend meetings of the Board and committees of which he or she is a member and actively participate in their respective work.

If he or she feels that any decision of the Board of Directors is likely to harm the Company, a Director must undertake to clearly express his or her opposition and to use every means possible to convince the Board of the relevance of his or her position.

(d) Loyalty and conflicts of interest

Directors have an obligation of loyalty to the Company. He or she must not under any circumstances act in his or her own interest against that of the Company.

Directors undertake not to seek or accept from the Company or the Group, directly or indirectly, benefits likely to be considered as compromising their independence of analysis, judgement and action. They must also reject any direct or indirect pressure, which might be applied on them and which might originate from other Directors, specific groups of shareholders, creditors, suppliers and any third party in general.

To this end, prior to signing, they undertake to submit to the Board of Directors, as well as to the Agreements Committee, in accordance with the procedure described in Appendix 3, any agreements corresponding to Article L. 225-38 of the French Commercial Code.

Moreover, it is forbidden for Directors to:

- acquire a stake or responsibility in any unlisted Company in which the Company or the Group, directly or indirectly holds a share, in any capacity other than as a group representative;
- acquire a stake or responsibility in any unlisted company that has a contractual relationship with the Company or the companies of the Group.

They are to ensure that their participation on the Board is not the source of any conflict of interest for them or the Company, both personally and by reason of the professional interests they represent. In the event of a specific conflict of interest relating to a specific dossier, the Director in question will report it in full and in advance to the Board of Directors; he or she will be required to abstain from participating in Board discussions and decision-making on this point (in that event, he or she is excluded from calculation of the quorum and of the vote).

In the event of any question, Directors may consult the General Secretary, who will guide them on the application of these principles.

They may also consult a person outside the Group, who will function under the terms of a mandate granted by the General Secretary and whose name, address and telephone number shall be sent to the Directors by the General Secretary.

(e) Rights and obligations of Directors with regard to information

The Company Chairman, Chief Executive Officer or Deputy Chief Executive Officer must send each Director any documents and information necessary for fulfilment of the Board's duties, *i.e.*, making decisions for which it is competent and control of the administration exercised by management.

Preparation for Board meetings

The Chairman, Chief Executive Officer or Deputy Chief Executive Officer will seek to communicate to the Directors no later than three days prior to any meeting, except in the case of an emergency or extraordinary circumstances, a work file including all necessary documents and information, to allow the Directors to participate in Board discussions in a knowledgeable manner and to make a useful contribution to discussion points on the agenda.

In the absence of information or in the event that the information communicated is deemed to be incomplete, the Directors will request that the Chairman, Chief Executive Officer or Deputy Chief Executive Officer provide information they believe to be essential to their participation in the Board of Directors meetings.

Ongoing information

Outside of Board meetings, the Chairman, Chief Executive Officer or Deputy Chief Executive Officer is required to communicate to Directors, insofar as he or she is aware thereof, information and documents needed to perform their duties, as long as they are not hindered by business secrecy, as Directors have an obligation of confidentiality.

Requests for documents and information from Directors are to be sent to the General Secretary, who will forward them to the Chief Executive Officer and the Deputy Chief Executive Officer. The list of documents requested by Directors is to be included as an item on the agenda of the next meeting of the Board of Directors; this list is to be included in the minutes of such meeting.

For reasons of confidentiality, the Chairman, Chief Executive Officer or Deputy Chief Executive Officer may deem it preferable to make the requested documents available to Directors at the Company's registered offices.

If he or she believes the information request exceeds the responsibilities of the Director or is likely to raise a situation of conflict of interest, the Chairman, Chief Executive Officer or Deputy Chief Executive Officer, after having so informed the Director in question, may consult the Chairman of the Audit and Risk Management Committee for their advice, prior to any response.

(f) Personal shares

It is desirable for each Director to hold the equivalent of at least one (1) share.

(g) Accumulation of terms of office

Candidates for the offices of Director are required to inform the Board of Directors of any positions of Director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board or sole Chief Executive Officer, which they may hold in other companies with registered corporate secretaries in France, to allow the Board of Directors, assisted by the Compensation and Appointments Committee, to verify that the candidates, if elected, meet the accumulation conditions provided for by French law.

Directors are required to inform the Board of their appointment as Director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board or sole Chief Executive Officer in companies with corporate registered offices in France within five days of their nomination.

Within one month after the close of the fiscal year just ended, Directors are also required to communicate the list of positions they have occupied during the said fiscal year just ended with a view to preparing the management report.

(h) Duty of secrecy: confidential information

Directors, as well as any party called upon to attend all or part of the meetings of the Board of Directors and committees, are subject to an obligation of discretion as to the progress and content of the discussions. Specifically, Directors must maintain secrecy with regard to information corresponding to the definition of financial information, or other information likely to be of interest to third parties and specifically Company or Group competitors, or confidential information and data. They undertake not to use for personal purposes, and not to disclose outside the obligations of their position, any confidential information.

(i) Prevention of the risk of insider trading

This paragraph contains the rules of professional ethics intended to prevent the risk of insider trading, with regard to financial transactions made by Directors, which involve listed companies or the securities of listed companies, whenever Directors, in the exercise of their functions, hold or have access to privileged information involving those companies or securities.

Legal and regulatory framework

The applicable legal and regulatory framework comes from the Monetary and Financial Code and the General Regulations of the AMF (Autorité des Marchés Financiers).

The mechanisms in place are for the most part based on the principle that all privileged information concerning a company or a traded security, which is not known to the public and which may significantly influence the trading price of that security, must be kept strictly confidential and may not be used or communicated to place orders, directly or indirectly, on the stock market, on either one's own behalf or on behalf of others.

Failure to comply with the rules in this matter is punishable by law (prison term or fine).

The General Regulations of the AMF contain similar prohibitions, violation of which will expose the offender to financial penalties that shall not exceed €1.5 million or ten times the amount of any profits that may be made.

Significant changes to laws and regulations shall be made known to the Directors by a note from the General Secretary.

Definitions

WHO MAY BE CONSIDERED AN "INSIDER"?

Any person who, as part of his or her functions, has access to privileged information regarding the outlook or position of a listed company or the securities of a listed company.

WHICH SECURITIES ARE AFFECTED?

Any financial instrument traded on a regulated market: shares or other rights that grant or may grant access, directly or indirectly, to share capital or voting rights, debt securities, mutual fund shares or units, or forward financial instruments.

WHAT IS "PRIVILEGED INFORMATION"?

Specific information that has not been made public, which involves, directly or indirectly, one or more issuers of financial instruments (hereinafter called "listed companies") or one or more financial instruments (hereinafter called "securities") and which, if it were made public, would be likely to have considerable influence on the prices of those securities or the prices of the securities tied to them.

Information is considered to be specific if it mentions a set of circumstances or an event that has happened or is likely to happen, when it is possible to conclude from the information the effect that those circumstances or that event could have on the prices of the securities in question.

This information, were it to be made public, could have considerable influence on the prices of the securities in question and could be used by a reasonable investor as one of the foundations of his or her investment decision (buy, sell or hold).

WHAT INFORMATION OR EVENTS MAY BE CONSIDERED AS CONSTITUTING PRIVILEGED INFORMATION?

This includes, among other things:

- earnings (or estimated earnings), and changes thereto that are higher or lower than announced forecasts;
- mergers, acquisitions, public offerings, joint ventures, disposals or changes in assets, acquisitions of interest, major partnerships;
- major new products or changes involving customers or suppliers (such as the acquisition or loss of a customer or a major contract);
- major litigation, investigations or proceedings conducted by the audit authorities;
- a one-time event linked to the business, which may have a significant effect on earnings;
- events affecting the securities of the issuer (failure to repay debt, early redemption, buyback programmes, division of par value or shares, modifications of dividends, changes to the rights of holders of securities, public or private sales of additional shares).

This list is not exhaustive; other information may be considered as privileged depending on the circumstances.

WHEN MAY INFORMATION BE CONSIDERED AS NOT PUBLIC?

Information is not public when it has not been disclosed through, for example:

- an official press release, news service or mass-circulation daily newspaper;
- an official document filed with a control authority (such as the registration document filed with the AMF);
- the Internet;
- documents sent to shareholders (annual report or information prospectus).

Applicable rules

It is likely that Company Directors will receive privileged information about listed companies, *e.g.*, when a partnership, merger/acquisition or investment stake is being examined.

Listed companies in which the Group holds a strategic investment are especially affected.

CONFIDENTIALITY

It is the duty of any Director having access, as part of his or her functions, to privileged information relating to a listed company or the securities of a listed company to keep this information confidential.

He or she is forbidden to disclose this information outside the normal framework of his or her functions or for reasons other than those related to why the information was disclosed to him or her.

In the event that the Director in question should need to divulge this information to another person in the Group or a third party for the purpose of exercising his or her functions, he or she undertakes to do so only after having informed this person or third party that the information is confidential and that he or she is required to comply with the rules applicable to persons who have privileged information.

TRADING OF SECURITIES

For as long as the privileged information is not made public, the Director having access to such information as part of his or her functions for a listed company or listed security is forbidden to:

- use the privileged information that he or she has, to acquire or dispose of, or attempt to acquire or dispose of, on either his or her own behalf or on behalf of others, directly or indirectly, the securities tied to that information or any securities to which those securities are tied;
- recommend to another person that he or she acquire or dispose of, or have another person acquire or dispose of, the securities tied to that information or securities to which those securities are tied, based on the privileged information.

(j) Compensation

The compensation of Directors is to be set by the Board at the proposal of the Compensation and Appointments Committee. The rules for the distribution of Directors' attendance fees are defined in the report from the Chairman to the Board of Directors, attached to the management report.

When a Director participates by phone in a regularly scheduled meeting of the Board of Directors or one of its committees, he or she receives no Directors' fees. However, if he or she participates by telephone in an exceptional meeting of the Board of Directors or a committee not scheduled in advance or that was called as an emergency, he or she receives a Directors' fee at the reduced rate set by the Board of Directors.

7.1.3.3 Executive Management

Within the framework of the powers conferred to the central body, the Executive Management is responsible for taking any necessary measures for the cohesion and proper operation of the network and thus, in particular, must:

- represent the organisations within the network with the French banking regulator (ACPR);
- ensure the application of the legislative and regulatory provisions specific to the organisations within the network;
- organise audit and control duties within the network;
- ensure that retrocessions of organisations that it reinsures are sufficient to guarantee their solvency and compliance with their commitments, report to the Board of Directors and propose any necessary measures;
- issue, under the conditions set out in the agreement on security and solidarity plans entered into between the Company and the organisations within the network, any useful instructions for engaging in the business of the organisations within the network and ensure their effective implementation;
- implement the organisation of the internal control programme as well as the risk management policy;
- approve the appointment of the Chief Executive Officers of the organisations within the network, under the conditions set out in the agreement on security and solidarity plans.

7.1.3.4 Appendices to the Internal Regulations of the Board of Directors

Appendix 1

Audit and Risk Management Committee

PURPOSE OF THE COMMITTEE

The purpose of the Audit and Risk Management Committee is as follows:

- to analyse the mid-year and annual financial statements distributed by the Company upon preparation of the accounts, and provide greater detail on certain items prior to their presentation to the Board of Directors;
- to ensure the relevance and permanence of the accounting principles and methods applied;
- to study changes and adaptations to the accounting principles and rules;
- to verify the accounting treatment of any significant action carried out by the Company;
- to examine the scope of consolidation of the consolidated companies and, as applicable, the reasons for which certain companies are not included therein;
- to examine significant off-balance sheet commitments;
- to review the financial investment policy and assets/liabilities management;
- to examine forecasts in advance and monitor their realisation by identifying the major gaps;
- to monitor the statutory audit by the statutory auditors of the annual financial statements and the consolidated and combined financial statements;
- to ensure that the internal data collection and control procedures guarantee the quality and reliability of the Company's accounts;
- to monitor the process of preparation of the financial information; to check, before publication, all accounting and financial information documents issued by the Company;
- to manage the procedure for selecting the statutory auditors, review their activity schedule and their recommendations, prepare a notice on the total fees requested for performing the legal audit assignments, and monitor the independence of the statutory auditors. To this end, the committee may ask to be notified of the fees paid by the Company and its Group to the statutory auditors and their respective networks;
- to receive the reports of the statutory auditors;
- to receive reports upon request, on any subjects falling within its competence, from the Group's financial and accounting management;
- to monitor the effectiveness of the systems of internal control and risk management systems, and to assess their consistency, particularly with regard to ethics compliance; to assess the internal auditing work and the annual report on internal control;
- to monitor the risk management policies, procedures and systems and, within this context, to review in particular the risk governance scheme, the Group risks policy, internal control policies, adverse scenarios, the Group's major risks, the Business Continuity Plan and the report on anti-money laundering activities and combating the financing of terrorism;
- to review external growth transactions, by verifying firstly that the proposed transaction is in keeping with the strategy defined by the Group and secondly, the profitability of the project and its impact on the overall financial balance of the Group as well as disposal operations;
- and, in general, to prepare the work of the Board of Directors, support its decision-making and inform or even alert it when necessary.

MEMBERSHIP

The Audit and Risk Management Committee consists of a minimum of three (3) and a maximum of six (6) members appointed by the Board of Directors, chosen from among the Directors and non-voting Directors. At least one (1) of the committee members must be independent and chosen from among the Directors external to the Company if the committee has three members; the number of independent members must be at least two (2) if the committee has five (5) or more members. The committee cannot include the Chairman of the Board of Directors among its members. If the committee has three (3) members, at least one (1) committee member must by training and experience have a good understanding of financial statements and the accounting principles used by the Company, the ability to evaluate the general application of these principles, experience in the preparation, audit, analysis and evaluation of financial statements of a complexity comparable to those of the Company, good understanding of internal control procedures and the committee's functions, and, if possible, training or experience in insurance.

The committee is chaired by an Independent Director. However, the committee may reserve the right to provisionally appoint a Chairman chosen from among the Directors representing the controlling shareholder.

The terms of office of committee members coincide with their terms as Director or non-voting member. The committee appoints its own Chairman. The Groupama SA General Secretary serves as Committee secretary.

OPERATION

Internal organisation of the committee

The Audit and Risk Management Committee meets as often as deemed necessary and at least twice a year prior to the examination of the annual and mid-year financial statements by the Board of Directors. Members are convened by the Committee Chairman or two of its members. The Chairman of the Board of Directors, Chief Executive Officer or Deputy Chief Executive Officer may also request that the Chairman convenes the Audit and Risk Management Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes of the meeting will be prepared, recording the agenda and the discussions held between committee members. The Committee Chairman or a member of the committee appointed for this purpose will report the committee's opinions and recommendations to the Board of Directors for the purposes of its deliberations.

The committee is required to prepare an activity report on the fiscal year just ended, which it will submit to the Board of Directors within three (3) months after the close of the said fiscal year.

Exceptional cases

Depending upon the agenda, the Committee Chairman:

- may convene any person of the Group likely to offer the committee relevant and useful clarifications for a proper understanding of an issue;
- must exclude from its discussions non-independent members of the committee for the assessment of points likely to pose ethical problems or conflicts of interest.

Working methods

Members of the Audit and Risk Management Committee will benefit, as of their nomination, from information on the Company's accounting, financial, and operational details.

The time frames for examination of the accounts by the Audit and Risk Management Committee must be sufficient (at least two days prior to the assessment by the Board of Directors). For the purposes of its examination of the accounts, the committee will receive a memorandum from the statutory auditors highlighting the essential points not only of the results, but also of the accounting options applied, as well as a note from the Chief Financial Officer describing the exposure to risks and the Company's significant off-balance sheet commitments.

Appendix 2

Compensation and Appointments Committee

PURPOSE OF THE COMMITTEE

The purpose of the Compensation and Appointments Committee is as follows:

- to propose to the Board of Directors any questions relating to the personal status of the corporate secretaries, specifically compensation, retirement and any allocation of options for the subscription or purchase of Company shares, as well as provisions for the departure of members of the Company's management bodies;
- to put forward any proposals regarding the compensation of corporate secretaries and the allocation and distribution of Directors' attendance fees;
- to assess the conditions, amount, and distribution of any options for the subscription or purchase of shares;
- to define the rules for setting the variable portion of the compensation of corporate secretaries and ensure the consistency of these rules with the annual assessment of the performance of the corporate secretaries and with the Group's medium-term strategies;
- to evaluate all compensation and benefits received by Directors, as applicable, from other companies of the Group, including retirement benefits and benefits of any kind;
- to organise a procedure to select future Independent Directors and to perform its own research on potential candidates before any measure has been taken with regard to the latter;
- to verify annually the individual status of each Director with regard to the status of Independent Director and communicate the conclusions of its examination to the Board of Directors;
- to perform annually tasks involving the assessment of the Board of Directors' methods of working and to communicate the conclusions of these tasks to the Board of Directors.

MEMBERSHIP

The Compensation and Appointments Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors and chosen from among the Directors and non-voting Directors. At least one (1) of the committee members must be chosen from among the Company's Independent Directors.

The terms of office of committee members coincide with their terms as Director or non-voting member. The committee appoints its own Chairman. The Groupama SA General Secretary serves as Committee secretary.

The committee is chaired by an Independent Director. However, the committee may reserve the right to provisionally appoint a Chairman chosen from among the Directors representing the controlling shareholder.

OPERATION

Internal organisation of the committee

The Compensation and Appointments Committee will meet as often as is deemed necessary and at least once a year prior to approval of the agenda of the annual General Meeting, to examine the draft resolutions to be submitted thereto concerning the positions of members of the Board of Directors and, as applicable, of non-voting Directors, and prior to the assessment by the Board of Directors of the compensation of the Chairman, Chief Executive Officer and

Deputy Chief Executive Officer. Members are convened by the Committee Chairman or two of its members. The Chairman of the Board of Directors, Chief Executive Officer, or Deputy Chief Executive Officer may also request that the Committee Chairman convenes the Compensation and Appointments Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes of the meeting will be prepared, recording the agenda and the discussions held between committee members. The Committee Chairman or a member of the committee appointed for this purpose will report the committee's opinions and recommendations to the Board of Directors for the purposes of its deliberations.

The committee is required to prepare an activity report on the fiscal year just ended, which it will submit to the Board of Directors within three (3) months after the close of the said fiscal year.

Exceptional cases

Depending upon the agenda, the Committee Chairman may convene any person of the Group capable of offering the committee relevant and useful clarification as to the proper understanding of an issue.

Appendix 3

Agreements Committee

PURPOSE OF THE COMMITTEE

The purpose of the Agreements Committee is as follows:

- to prevent any potential conflict of interest between the regional mutuals and Groupama SA and its subsidiaries, which is likely to result from their business relationships. In this context, the committee carries out ongoing checks, based on defined significance thresholds, to ensure the agreements are legally sound and ensure that the corporate interests of Groupama SA are complied with;
- to analyse any agreement signed under the conditions mentioned in Article L. 225-38 of the Commercial Code, including those signed between the Company and any of its non-voting Directors or with the company that controls one of its shareholders (having a proportion of voting rights above 10%) as defined in Article L. 233-3 of the Commercial Code.

In this context, the committee must submit a report to the Board of Directors for each of these agreements, specifically regarding its purpose, its amount and its principal conditions, and draw its conclusions in particular as to the applicable procedure (prior authorisation or communication by the Chairman to members of the Board of Directors and the statutory auditors, provided that it involves agreements corresponding to current operations entered into under normal conditions under the terms of Article L. 225-39 of the Commercial Code).

The committee will also report to the Board of Directors on the status of these agreements;

- to analyse any and all agreements between the regional mutuals and Groupama SA and its subsidiaries and, more specifically, to ensure that the terms of compensation and distribution of risk among the entities of the two divisions – mutual insurance and equity management – are in compliance with market practice;
- to analyse the conditions for application of the reinsurance agreement between Groupama SA and the regional mutuals.

MEMBERSHIP

The Agreements Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors, chosen from among the Directors and non-voting Directors. At least one (1) of the committee members must be independent and chosen from among the Directors external to the Company, on the understanding that independence is determined in accordance with the criteria listed by the AFEP-MEDEF task force. The committee cannot include the Chairman among its members.

The terms of office of committee members coincide with their terms as Director or non-voting member. The committee appoints its Chairman from among the Independent Directors. The Groupama SA General Secretary serves as Committee secretary.

OPERATION

Internal organisation of the committee

The Agreements Committee will meet as often as it deems necessary and at least once a year to assess the reinsurance agreement. Members are convened by the Committee Chairman or two of its members. The Chairman, Chief Executive Officer or Deputy Chief Executive Officer may also request that the Chairman convenes the Agreements Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes of the meeting will be prepared, recording the agenda and the discussions held between committee members. The Committee Chairman or a member of the committee appointed for this purpose will report the committee's opinions and recommendations to the Board of Directors for the purposes of its deliberations.

The committee is required to prepare an activity report on the fiscal year just ended, which it will submit to the Board of Directors within three (3) months after the close of the said fiscal year.

Exceptional cases

Depending upon the agenda, the Committee Chairman may convene any person of the Group capable of offering the committee relevant and useful clarification as to the proper understanding of an issue.

Working methods

The time frames for the assessment of agreements by the Agreements Committee must be sufficient (at least two days prior to the assessment by the Board of Directors of an agreement).

Appendix 4

Criteria for independence

The criteria that the Compensation and Appointments Committee and the Board of Directors must examine in order to classify someone as an Independent Director and prevent the risk of conflict of interest between the Director and the Executive Management, the Company or its Group, are as follows:

- he or she is not an employee or corporate officer of the Company, or is not an employee or Director of the parent company or a company it is consolidating and has not been at any time over the past five years;
- he or she has not been paid by the Company, in any form whatsoever, with the exception of Directors' attendance fees, compensation of over one hundred thousand euros (€100,000) within the past five years;
- he or she is not a Corporate Secretary of a company in which the Company holds, directly or indirectly, the position of Director or in which an employee designated as such or a Corporate Secretary of the Company (currently or within the past five years) holds the position of Director;
- he or she is not a significant customer, supplier, investment banker or financing banker of the Company or its Group, or for which the Company or its Group represents a significant portion of business activity;
- he or she has no close family ties to a Corporate Secretary;
- he or she has not been the auditor of the Company over the previous five years;
- he or she has not been a Director of the Company for over twelve years.

With regard to Directors representing significant shareholders of the Company or its parent company, they may be considered independent as long as they do not participate in the Company's control.

Beyond this threshold of 10% of the capital or voting rights, the Board, on the recommendation of the Compensation and Appointments Committee, should routinely inquire into their status as independent by taking into consideration the composition of the Company's share capital and the existence of a potential conflict of interest.

The Board of Directors may consider a Director, although meeting the above criteria, not to be independent on the basis of his or her particular situation or that of the Company, given its share ownership structure or for any other reason. Conversely, the Board of Directors may consider a Director not meeting the above criteria to be independent.

7.2 INFORMATION CONCERNING SHARE CAPITAL AND PRINCIPAL SHAREHOLDERS

7.2.1 SHARE CAPITAL

Information relating to the Company's capital appearing in 7.2.1.1 and 7.2.1.3 results from, or is the consequence of, financial authorisations granted by the Combined General Meeting. Information of which the renewal is proposed to the Combined General Meeting on 7 June 2016 is that which might allow the Board of Directors to carry out issues with the removal of preferential subscription rights reserved for certain current shareholders and certain categories of person, as well as Group employees.

7.2.1.1 Total share capital at 31 December 2015

- Total share capital issued: €1,686,569,399, represented by shares all of the same category.
- Number of shares issued and fully paid: 329,086,712.
- Par value of the shares: €5.125.
- Authorised share capital not issued: maximum nominal amount of €1.1 billion as detailed below.

Status of delegations of authority to the Board of Directors adopted by the Combined General Meetings of 11 June 2014 and 18 June 2015.

Securities	Resolutions	Duration of the authorisation	Expiry	Maximum nominal amount of capital increase
Issue with preferential subscription right (capital increase, all securities combined)	13th Resolution GM of 11 June 2014	26 months	August 2016	€1.1 billion to be charged against the total amount of capital increases authorised by the General Meeting, i.e. €1.1 billion
Issue without preferential subscription right of shares or securities giving access to the capital in order to compensate contributions in kind	21st Resolution GM of 18 June 2015	26 months	August 2017	10% of the share capital
Capital increase by capitalisation of premiums, reserves, profits, etc.	22nd Resolution GM of 18 June 2015	26 months	August 2017	€400 million
Issue without preferential subscription right of shares or securities giving access to the capital in order to compensate contributions in kind	18th, 19th, and 20th resolutions GM of 18 June 2015	18 months	December 2016	€1.1 billion to be charged against the total amount of capital increases authorised by the General Meeting, i.e. €1.1 billion Delegation used in the amount of €401.7 million, reserved for Groupama Holding (€387.1 million) and Groupama Holding 2 (€14.6 million), accompanied by a total issue premium of €298.3 million
Capital increase reserved for employees who are members of an employee savings plan	23rd Resolution GM of 18 June 2015	26 months	August 2017	€150 million
Free allocation of existing bonus shares or those to be issued to some or all of the Group's employees	24th Resolution GM of 18 June 2015	26 months	August 2017	10% of the share capital as at the date of the Board's decision

At its meeting on 26 January 2016, the Board of Directors made use of the delegation of authority granted by the General Meeting of 18 June 2015 in its eighteenth and nineteenth resolutions. It thus decided to increase the share capital by €401,735,753 by creating and issuing 78,387,464 shares with a nominal value of €5.125, increasing the share capital from €1,686,569,399 to €2,088,305,152.

The additional report required under the regulations was established as follows:

"Dear Shareholders,

We are pleased to present our report prepared in accordance with the provisions of Article R. 225-116 of the French Commercial Code, following the issue of the capital increase decided by the Board of Directors on 26 January 2016 on the delegation of authority granted by the Extraordinary General Meeting of 18 June 2015, pursuant to the 18th and 19th Resolutions.

This issue presents the following characteristics:

- capital increase of €401,735,753;
- issue of 78,387,464 shares with a par value of €5.125 at the price of €8.93, *i.e.*, with a premium of 3.805 per share. The total issue premium thus amounts to €298,264,300.52;
- capital increase with elimination of the preferential subscription right for Groupama Holding and Groupama Holding 2 according to the following breakdown:
  - the share of the capital increase reserved for Groupama Holding totals €387,143,812, through the issue of 75,540,256 shares. The corresponding issue premium thus amounts to €287,430,674.08,
  - the share of the capital increase reserved for Groupama Holding 2 totals €14,591,941, through the issue of 2,847,208 shares. The corresponding issue premium thus amounts to €10,833,626.44;
- subscription period: 29 January 2016 up to and including 25 February 2016;
- share capital following this increase: €2,088,305,152, divided into 407,474,176 shares with a par value of €5.125.

The capital increase reserved for the two major shareholders holding more than 99% of the Company's capital before the capital increase has the effect of diluting the minority shareholders, whose share is reduced from 0.045% to 0.036%.

In Paris,

26 January 2016

Board of Directors"

A proposal will be made to the General Meeting of 7 June 2016 to renew the authorisation to carry out the following operations:

- the issue of shares and/or equity securities, with preservation of the preferential subscription right, in the ninth Resolution, which supersedes and replaces the one previously issued by the General Meeting of 11 June 2014 in the thirteenth Resolution;
- the issue of shares and/or equity securities, with preservation of the preferential subscription right in favour of Groupama Holding, in the tenth Resolution, which supersedes and replaces the one previously issued by the General Meeting of 18 June 2015 in the eighteenth Resolution;
- the issue of shares and/or equity securities, with preservation of the preferential subscription right in favour of Groupama Holding 2, in the eleventh Resolution, which supersedes and replaces the one previously issued by the General Meeting of 18 June 2015 in the nineteenth Resolution;
- the issue of shares and/or equity securities, with preservation of the preferential subscription right in favour of categories of people, in the twelfth Resolution, which supersedes and replaces the one previously issued by the General Meeting of 18 June 2015 in the twentieth Resolution;
- the issue of shares and/or equity securities reserved for members of savings plans, in the thirteenth Resolution, which supersedes and replaces the one previously issued by the General Meeting of 18 June 2015 in the twenty-third Resolution.

7.2.1.2 Non-equity instruments

As of the date of the recording of this registration document, the Company had no non-equity instruments.

7.2.1.3 Shares held by the Company or its subsidiaries

As of this date, the Company holds none of its own shares. Similarly, none of its subsidiaries holds shares in the Company.

As the renewal of the authorisation of the buyback programme granted by the General Meeting of 25 May 2011, in its 10th Resolution, was not proposed to the General Meeting of 30 May 2012; said authorisation expired in November 2012. The authorisation of a new programme will not be proposed to the General Meeting of 7 June 2016.

7.2.1.4 Other equity interests

As at the registration date of this document, the Company had no other equity interests.

7.2.1.5 History of the share capital over the past three years

	Position at 31.12.2015			Position at 31.12.2014			Position at 31.12.2013		
Shareholders	**Number of shares**	**% of capital**	**% of voting rights**	**Number of shares**	**% of capital**	**% of voting rights**	**Number of shares**	**% of capital**	**% of voting rights**
Groupama Holding	299,351,290	90.96%	90.96%	299,346,273	90.96%	90.96%	299,336,132	90.96%	90.96%
Groupama Holding 2	29,587,992	8.99%	8.99%	29,587,992	8.99%	8.99%	29,587,992	8.99%	8.99%
Other (1)	147,430	0.05%	0.05%	152,447	0.05%	0.05%	162,588	0.05%	0.05%
TOTAL	**329,086,712**	**100.00%**	**100.00%**	**329,086,712**	**100.00%**	**100.00%**	**329,086,712**	**100.00%**	**100.00%**

(1) Employees, former employees and exclusive officers and Directors.

Over the past three years, no changes in the capital occurred.

However, a capital increase reserved for Groupama Holding and Groupama Holding 2 was conducted on 25 February 2016.

Date of completion	Operation	Number of shares issued	Par value of the shares	Nominal amount of the capital increase	Contribution or merger issue premium	Cumulative capital	Cumulative number of shares
25.02.2016	Capital increase with elimination of the preferential subscription right for Groupama Holding and Groupama Holding 2	78,387,464	€5.125	€401,735,753	€298,264,300.52	€2,088,305,152	407,474,176

Since this capital increase, the distribution of share capital is as follows:

	Position at 25.02.2016		
Shareholder	**Number of shares**	**% of capital**	**% of voting rights**
Groupama Holding	374,893,429	92.00%	91.54%
Groupama Holding 2	32,435,200	7.96%	8.42%
Other (1)	145,547	0.04%	0.04%
TOTAL	**407,474,176**	**100.00%**	**100.00%**

(1) Employees, former employees and exclusive officers and Directors.

7.2.1.6 Employee holdings of Groupama SA shares

As at the 1998 year end, in connection with Groupama's acquisition of Gan SA, employees, former employees and exclusive officers of Gan SA and its subsidiaries subscribed to an offer for the purchase of reserved Gan SA shares.

In order to mitigate the lack of liquidity of Gan SA shares as they were not traded, Groupama SA committed to guaranteeing the liquidity of the shares. As such, Groupama SA undertook to acquire at any time, with the exception of the months corresponding to account suspension periods, such shares as the shareholders wished to sell. The liquidity commitment was assumed by CCAMA following the merger between Groupama SA and Gan SA in June 2002, then by Groupama Holding following the simplification of the Group's national structures at the end of 2003.

The purchase price of the Groupama SA shares was calculated based on the change in the Groupama SA consolidated net assets twice a year:

- on the first day of the month after the month in which the Groupama SA annual consolidated financial statements were prepared;
- on the first day of the month after the month in which the Groupama SA consolidated mid-year financial statements were audited.

Moreover, by virtue of the laws relating to employee savings and the COB instruction of 17 June 2003 introducing new rules for the valuation of unlisted companies applicable to employee mutual savings funds, the value of the Groupama SA shares is also assessed once a year based on net assets adjusted in accordance with the most recent balance sheet. The assessment method has been validated by an independent expert.

The purchase price of the Groupama SA share applicable to each period is the higher of the value resulting from application of the liquidity commitment and the value resulting from application of the adjusted net asset method.

The liquidity commitment will become null and void if the shares are listed for trading on a regulated market and if the public holds a fraction of the Groupama SA share capital equal to at least 10%. Employee shareholders of Groupama SA will then be entitled to sell their Groupama SA shares at the price resulting from the liquidity commitment, for a period of 3 months, the period running from the listing of the shares for trading on a regulated market.

As at 31 December 2015, employees, former employees and exclusive officers of Groupama SA held 0.05% of the Groupama SA share capital.

7.2.2 PRINCIPAL SHAREHOLDERS

The following table shows the number of shares, the percentage of capital, and the percentage of corresponding voting rights held by the Company's principal shareholders as at 31 December 2015 and 25 February 2016.

A double voting right is to be allocated to all fully paid shares, for which nominative registration is justified after at least two years in the name of the same shareholder either of French nationality, or originating from a Member State of the European Union.

99.99% of the Company's share capital has double voting rights as at 31 December 2015. As at 25 February 2016, 80.76% of the Company's share capital has double voting rights.

	31 December 2015				25 February 2016			
Shareholder	**Number of shares**	**% of capital**	**Number of voting rights**	**% of voting rights**	**Number of shares**	**% of capital**	**Number of voting rights**	**% of voting rights**
Groupama Holding [(1)]	299,351,290	90.96%	598,688,631	90.96%	374,893,429	92.00%	674,230,040	91.54%
Groupama Holding 2 [(1)]	29,587,992	8.99%	59,175,984	8.99%	32,435,200	7.96%	62,023,192	8.42%
Other [(2)]	147,430	0.05%	294,852	0.05%	145,547	0.04%	291,086	0.04%
TOTAL	**329,086,712**	**100.00%**	**658,159,467**	**100.00%**	**407,474,176**	**100.00%**	**736,544,318**	**100.00%**

(1) Groupama Holding and Groupama Holding 2 are the holding companies of Groupama SA, the shareholders of which are the Regional Insurance Mutuals and the Agricultural Reinsurance Mutuals.

(2) As at 31 December 2015, employees, former employees, and exclusive officers held 147,374 shares, i.e., 0.05% of the Company's capital. Moreover, on the same date, Directors as a whole held 56 shares, i.e., four company shares each.
As at 25 February 2016, employees, former employees, and exclusive officers held 145,495 shares, i.e., 0.04% of the Company's capital. Moreover, on the same date, Directors as a whole held 52 shares, i.e., four company shares each.

Through Groupama Holding and Groupama Holding 2, which they wholly own, the regional mutuals own the absolute majority of the capital and voting rights of Groupama SA. Note that Groupama Holding and Groupama Holding 2 are not Directors of Groupama SA.

7.3 GENERAL MEETING OF 7 JUNE 2016

7.3.1 AGENDA

Items within the scope of responsibilities of the Ordinary General Meeting

- Management report from the Board of Directors on the fiscal year 2015 and report from the Chairman on internal control procedures.
- General reports from the statutory auditors on the performance of their audit engagement during the fiscal year 2015 and special report from the statutory auditors on the report from the Chairman pursuant to paragraph 6, Article L. 225-37 of the French Commercial Code.
- Approval of the individual and consolidated financial statements for the fiscal year 2015.
- Allocation of profit or loss.
- Special report from the statutory auditors on the transactions mentioned in Article L. 225-38 of the Commercial Code.
- Transfer of the capitalisation reserve.
- Opinion on the components of the remuneration due or allocated for the fiscal year 2015 to Jean-Yves Dagès, Chairman of the Board of Directors.
- Opinion on the components of the compensation due or allocated for the fiscal year 2015 to Thierry Martel, Chief Executive Officer.
- Opinion on the components of the compensation due or allocated for the fiscal year 2015 to Christian Collin, Deputy Chief Executive Officer.

Items within the scope of responsibilities of the Extraordinary General Meeting

- Delegation of authority to the Board of Directors to increase share capital by issuing Company shares and/or equity interests, maintaining the preferential share subscription right on its behalf.
- Delegation of authority to the Board of Directors to increase share capital by issuing Company shares and/or equity interests reserved for Groupama Holding 2, eliminating the preferential share subscription right on its behalf.
- Delegation of authority to the Board of Directors to increase share capital by issuing Company shares and/or equity interests reserved for Groupama Holding 2, eliminating the preferential share subscription right on its behalf.
- Delegation of authority to the Board of Directors to increase share capital by issuing Company shares and/or equity interests reserved for categories of person, eliminating the preferential share subscription right on their behalf.
- Delegation of authority to the Board of Directors to increase share capital by issuing Company shares and/or equity interests reserved for members of savings plans, eliminating the preferential share subscription right on their behalf.
- Amendment of Articles 12, 14, and 20 of the bylaws.
- Powers of attorney for registration procedures.

7.3.2 RESOLUTIONS

Items within the scope of responsibilities of the Ordinary General Meeting

First Resolution

(Approval of the parent company financial statements)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the reports of the Board of Directors and the statutory auditors for the fiscal year ending 31 December 2015, approves the financial statements for this fiscal year as presented, *i.e.*, the balance sheet, income statement and notes, as well as the transactions posted to these statements and summarised in these reports, yielding a profit of €69,972,545.33.

Second Resolution

(Approval of the consolidated financial statements)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the reports of the Board of Directors and the statutory auditors on the consolidated financial statements for the fiscal year ending 31 December 2015, approves these financial statements as presented, yielding a net profit (Group share) of €132,984 thousand.

Third Resolution

(Allocation of profit or loss)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having taken note of the report by the Board of Directors:

(i) notes that the distributable profit, given the retained earnings of €321,193,347.11, total €391,165,892.44; and

(ii) resolves to allocate the distributable profit as follows:

› as dividends to shareholders	€14,261,596.16
› the balance to "retained earnings"	€376,904,296.28

The dividend per share will be €0.035; it will be paid starting 15 June 2016.

Pursuant to Article 243 *bis* of the French General Tax Code, dividends distributed within the framework of this resolution are eligible, for individuals, for the 40% allowance provided for in Article 158(3)(2) of the General Tax Code.

Note that, in accordance with the provisions of Article 243 *bis* of the General Tax Code, the Company has paid no dividend with respect to the last three fiscal years.

Fourth Resolution

(Regulated agreements referred to in Article L. 225-38 of the French Commercial Code)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the special report of the statutory auditors as provided for in paragraph 3 of Article L. 225-40 of the Commercial Code and Article R. 322-7 of the Insurance Code on agreements referred to in Article L. 225-38 of the Commercial Code, acknowledges the conclusions of this report and approves the agreements described therein.

Fifth Resolution

(Transfer of the capitalisation reserve)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, noting that the amount of the capitalisation reserve, as reflected in the accounts as at 31 December 2015 approved in the 1st Resolution of this General Meeting, is €121,546,620.03, resolves, pursuant to Article 19 of Decree no. 2015-513 of 7 May 2015, to transfer this amount to "Other reserves", thus bringing its balance to €168,922,868.51.

Sixth Resolution

(Opinion on the components of the remuneration due or allocated for the fiscal year 2015 to Jean-Yves Dagès, Chairman of the Board of Directors)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, issues a favourable opinion on the components of the remuneration due or allocated with respect to the fiscal year 2015 to Jean-Yves Dagès, Chairman of the Board of Directors, as they appear in the 2015 registration document in section 3.3.4.1.

Seventh Resolution

(Opinion on the components of the remuneration due or allocated for the fiscal year 2015 to Thierry Martel, Chief Executive Officer)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, issues a favourable opinion on the components of the remuneration due or allocated with respect to the fiscal year 2015 to Thierry Martel, Chief Executive Officer, as they appear in the 2015 registration document in section 3.3.4.2.

Eighth Resolution

(Opinion on the components of the remuneration due or allocated for the fiscal year 2015 to Christian Collin, Deputy Chief Executive Officer)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, issues a favourable opinion on the components of the remuneration due or allocated with respect to the fiscal year 2015 to Christian Collin, Deputy Chief Executive Officer until 18 June 2015, as they appear in the 2015 registration document in section 3.3.4.3.

Items within the scope of responsibilities of the Extraordinary General Meeting

Nineth Resolution

(Delegation of authority to increase share capital by issuing Company shares and/or equity interests, maintaining the preferential share subscription right on its behalf)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the French Commercial Code, specifically Article L. 225-129-2 of the said Code:

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, its authority to decide on the issue of shares or equity securities, maintaining the preferential subscription right for shareholders, on one or more occasions, in the proportion and at the times it deems appropriate, on the understanding that the subscription of shares and other securities may be either in cash, or offset against receivables;
2. resolves to set the limits of the amounts of the capital increases likely to be carried out in case of use of this delegation by the Board of Directors as follows:
   - the maximum nominal amount of capital increases that may be carried out immediately or in the future pursuant to this delegation is fixed to €1.1 billion, with the understanding that the overall maximum nominal amount of the capital increases likely to be carried out under this delegation, of those granted under the 10th, 11th, and 12th Resolutions of this meeting (as well as those granted by any resolution adopted by the General Meeting that would replace one of those resolutions in full or in part) is fixed to €1.1 billion,
   - where applicable, to these ceilings will be added the nominal amount of the shares to be issued in addition in case of financial transactions, in order to protect the rights of the holders of the equity securities;
3. sets the validity period of this authority at twenty-six months with effect from the day of this meeting, and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 11 June 2014, in its 13th Resolution;
4. in case of use of this delegation by the Board of Directors:
   - resolves that the issue(s) shall be reserved as a priority for shareholders who may apply as of right for new shares in proportion to the number of shares of the Company held by them,
   - notes that the Board of Directors has the option of instituting a right to apply for excess shares,
   - notes that this delegation automatically means that the Company's shareholders waive their preferential subscription rights to the Company's shares to which such securities could give entitlement immediately or in the future for the benefit of holders of equity securities giving access to shares to be issued by the Company on the basis of this delegation,

- resolves that if applications as of right for new shares and, where applicable, applications for excess shares have not absorbed the entire capital increase, the Board of Directors may use, as provided by law and in order that it shall determine, one or both of the following options:
  - limit the capital increase to the amount of the subscriptions, provided that it reaches at least three-fourths of the decided increase,
  - freely distribute all or part of the shares or, in the case of equity securities, said securities, whose issuance was decided but that have not been subscribed,
- resolves that issues of subscription warrants for the Company's shares may be carried out by subscription offer, but also by free allocation to the owners of the old shares, with the understanding that the Board of Directors shall have the opinion to decide that allocation rights forming fractional shares shall not be negotiable and that the corresponding securities shall be sold;

5. resolves that the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, shall have all powers to implement this authority and in particular:
   - to decide on the capital increase and determine the securities to be issued,
   - to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue,
   - to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated (and, if so, their rank, in accordance with the provisions of Article L. 228-97 of the Commercial Code), to set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest; to stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company); as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company, and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities,
   - to determine the method of release in full of the shares or equity securities immediately or in the future,
   - to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest; to determine the terms for exercising any rights to conversion, exchange or redemption, including by tendering assets in the Company such as securities already issued by the Company; as well as any other terms and conditions for carrying out the capital increase,
   - to provide for the option of potentially suspending the exercise of the rights attached to these securities, pursuant to existing laws and regulations,
   - on its sole initiative to charge capital increase costs on the amount of the premiums associated with them,
   - to determine and make any and all adjustments aimed at taking into account the effect of transactions on the Company's share capital, particularly if there are changes in the par value of the share, a capital increase by capitalisation of reserves, an allocation of bonus shares, share splits or reverse splits, a distribution of reserves or any other assets, a write down of share capital or any other transaction involving shareholders' equity, and, as the case may be, to set the terms for preserving the rights of the holders of equity securities,
   - to register every capital increase carried out and amend the bylaws accordingly,
   - in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned, to take any and all measures and carry out any and all formalities required for issuing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

Tenth Resolution

(Delegation of authority to increase share capital by issuing Company shares and/or equity interests reserved for Groupama Holding, eliminating the preferential share subscription right on its behalf)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of the said Code:

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, the authority to determine the capital increase, on one or more occasions, in the proportions and at the times it deems appropriate, by issuing Company shares or equity securities, on the understanding that the subscription of shares and other securities may be either in cash, or offset against receivables;
2. resolves to eliminate the preferential subscription rights of the shareholders for shares or other securities that may be issued pursuant to this resolution and to reserve the right to subscribe to these security issues for Groupama Holding, a *société anonyme* with share capital of €3,145,361,688, whose registered office is located at 8-10, rue d'Astorg, 75008 Paris and which is entered in the Paris Trade and Companies Register under number 428 734 818;
3. this decision automatically means that the Company's shareholders waive their preferential subscription rights to the Company's shares to which such securities could give entitlement in favour of holders of equity securities issued based on this resolution;
4. resolves that the maximum par value of the capital increases likely to be carried out immediately or in the future under this

authority is set at €1.1 billion; it is specified that, if applicable, the overall limit stated in paragraph 2 of the 9th Resolution of this meeting or, where applicable, on the amount of the ceiling provided for by resolutions of the same nature that could follow the said resolution during the period of validity of this delegation will be increased for the par value of the shares to be issued in the event of financial transactions, to safeguard the rights of holders of equity securities;

5. resolves that:
   - the issue price of the directly issued shares shall at least equal the portion of shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date,
   - the issue price of the equity securities giving access to shares to be issued by the Company shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issue of those equity securities, be at least equal to the minimum subscription price defined in the previous paragraph;
6. resolves that the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, shall have all powers to implement this authority and in particular:
   - to decide on the capital increase and determine the securities to be issued,
   - to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue,
   - to determine the method of release in full of the shares or equity securities immediately or in the future,
   - to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest; to determine the terms for exercising any rights to conversion, exchange or redemption, including by tendering assets in the Company such as securities already issued by the Company; as well as any other terms and conditions for carrying out the capital increase,
   - to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated, to set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest; to stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company),
   - as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company, and to modify the terms set out above during the life of the securities concerned, in accordance with the applicable formalities,
   - to provide for the option of potentially suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations,
   - on its sole initiative to charge capital increase costs on the amount of the premiums associated with them,
   - to determine and make any and all adjustments aimed at taking into account the effect of transactions on the Company's share capital, particularly if there are changes in the par value of the share, a capital increase by capitalisation of reserves, an allocation of bonus shares, share splits or reverse splits, a distribution of reserves or any other assets, a write down of share capital or any other transaction involving shareholders' equity, and, as the case may be, to set the terms for preserving the rights of the holders of equity securities,
   - to register every capital increase carried out and amend the bylaws accordingly,
   - in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned, to take any and all measures and carry out any and all formalities required for issuing and accounting for the securities issued under this authority and to exercise the rights attached thereto;
7. sets the validity period of this authority at eighteen months with effect from the date of this meeting, and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 18 June 2015, in its 18th Resolution.

Eleventh Resolution

(Delegation of authority to increase share capital by issuing Company shares and/or equity interests reserved for Groupama Holding 2, eliminating the preferential share subscription right on its behalf)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of said Code:

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, the authority to determine the capital increase, on one or more occasions, in the proportions and at the times it deems appropriate, by issuing Company shares or equity securities, on the understanding that the subscription of shares and other securities may be either in cash, or offset against receivables;
2. resolves to cancel the preferential subscription rights of the shareholders to shares or securities that may be issued pursuant to this resolution and to reserve the right to subscribe to these issues for Groupama Holding 2, a limited company with share capital of €286,056,342, whose registered office is located at 8-10, rue d'Astorg, 75008 Paris and which is entered in the Paris Trade and Companies Register under number 411 955 404;

3. this decision automatically means that the Company's shareholders waive their preferential subscription rights to the Company's shares to which such securities could give entitlement in favour of holders of equity securities giving access to shares to be issued by the Company under this resolution;
4. resolves that the maximum par value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion; it is specified that, if applicable, the overall limit stated in paragraph 2 of the 9th Resolution approved by this meeting or, as applicable, by the limit specified by similar resolutions which may succeed said resolution during the period of validity of this authority, will be increased for the par value of the shares to be issued in the event of financial transactions, to safeguard the rights of holders of equity securities;
5. resolves that:
   - the issue price of the directly issued shares shall at least equal the portion of shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date,
   - the issue price of the equity securities giving access to shares to be issued by the Company shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issue of those equity securities, be at least equal to the minimum subscription price defined in the previous paragraph;
6. resolves that the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, shall have all powers to implement this delegation of authority and in particular:
   - to decide on the capital increase and determine the securities to be issued,
   - to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue,
   - to determine the method of release in full of the shares or equity securities immediately or in the future,
   - to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest; to determine the terms for exercising any rights to conversion, exchange or redemption, including by tendering assets in the Company such as securities already issued by the Company; as well as any other terms and conditions for carrying out the capital increase,
   - to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated, to set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest; to stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company); as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company, and to modify the terms set out above during the life of the securities concerned, in accordance with the applicable formalities,
   - to provide for the option of potentially suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations,
   - on its sole initiative to charge capital increase costs on the amount of the premiums associated with them,
   - to determine and make any and all adjustments aimed at taking into account the effect of transactions on the Company's share capital, particularly if there are changes in the par value of the share, a capital increase by capitalisation of reserves, an allocation of bonus shares, share splits or reverse splits, a distribution of reserves or any other assets, a write down of share capital or any other transaction involving shareholders' equity, and, as the case may be, to set the terms for preserving the rights of the holders of equity securities,
   - to register every capital increase carried out and amend the bylaws accordingly,
   - in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned, to take any and all measures and carry out any and all formalities required for issuing and accounting for the securities issued under this authority and to exercise the rights attached thereto;
7. sets the validity period of this authority at eighteen months with effect from the date of this meeting, and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 18 June 2015, in its 19th Resolution.

Twelfth Resolution

(Delegation of authority to increase share capital by issuing company shares and/or equity interests reserved for categories of person, eliminating the preferential share subscription right on their behalf)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq.* of the Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of said Code:

1. delegates to the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, the authority to determine the capital increase, on one or more occasions, in the proportions and at the times it deems appropriate, by issuing Company shares or equity securities, on the understanding that the subscription of shares and other securities may be either in cash, or offset against receivables;

2. consequently resolves to cancel the preferential subscription rights of the shareholders for shares or other securities that may be issued pursuant to this resolution and to reserve the right to subscribe to these security issues for the following categories of person: (i) the elected representatives and agents of the local and/or regional mutuals of Groupama; and/or (ii) the employees and Managers or company officers referred to in Article L. 3332-2 of the Labour Code, businesses linked to the Company under the terms of Article L. 3344-1 of that Code, who or which are not beneficiaries of the issues effected in application of the 13th Resolution below; and/or (iii) the persons and/or the employees and Managers or company officers of companies not referred to above but who meet the criteria referred to in the first paragraph of Article L. 3344-1 referred to above; and/or (iv) UCITS or other employee shareholding bodies holding investments in the Company's securities, whose share owners or shareholders consist of the persons referred to in (ii) and (iii) of this paragraph and/or the beneficiaries of the 13th Resolution below;
3. this decision automatically means that the Company's shareholders waive their preferential subscription rights to the Company's shares to which such securities could give entitlement in favour of holders of equity securities giving access to shares to be issued by the Company under this resolution;
4. resolves that the maximum par value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion; it is specified that, if applicable, the overall limit stated in paragraph 2 of the 9th Resolution of this meeting or, where applicable, on the amount of the ceiling provided for by resolutions of the same nature that could follow the said resolution during the period of validity of this delegation will be increased for the par value of the shares to be issued in the event of financial transactions, to safeguard the rights of holders of equity securities;
5. resolves that:
   - the issue price of the directly issued shares shall at least equal the portion of shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date,
   - the issue price of the equity securities giving access to shares to be issued by the Company shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issue of those equity securities, be at least equal to the minimum subscription price defined in the previous paragraph,
   - for issues to beneficiaries mentioned under (ii) and (iv) of point 2 above, the issue price for new shares or equity securities will be based on the terms specified under point 3 of the 13th Resolution below or identical to the price at which securities of the same type will be issued pursuant to the 13th Resolution;
6. resolves that the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, shall have all powers to implement this delegation of authority and in particular:
   - to decide on the capital increase and determine the securities to be issued,
   - to prepare the exact list of the beneficiaries within the categories of person cited in paragraph 2 above, for whom shareholders' preferential subscription rights were eliminated,
   - to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue,
   - to determine the method of release in full of the shares or equity securities immediately or in the future,
   - to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest; to determine the terms for exercising any rights to conversion, exchange or redemption, including by tendering assets in the Company such as securities already issued by the Company; as well as any other terms and conditions for carrying out the capital increase,
   - to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated (and, if so, their rank, in accordance with the provisions of Article L. 228-97 of the Commercial Code), to set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest; to stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company); as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company, and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities,
   - to provide for the option of potentially suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations,
   - on its sole initiative to charge capital increase costs on the amount of the premiums associated with them,
   - to determine and make any and all adjustments aimed at taking into account the effect of transactions on the Company's share capital, particularly if there are changes in the par value of the share, a capital increase by capitalisation of reserves, an allocation of bonus shares, share splits or reverse splits, a distribution of reserves or any other assets, a write down of share capital or any other transaction involving shareholders' equity, and, as the case may be, to set the terms for preserving the rights of the holders of equity securities,
   - to register every capital increase carried out and amend the bylaws accordingly,
   - in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned, to take any and all measures and carry out any and all formalities

required for issuing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

7. sets the validity period of this authority at eighteen months with effect from the date of this meeting, and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 18 June 2015, in its 20th Resolution.

Thirteenth Resolution

(Delegation of authority to increase the share capital, by issuing shares and/ or equity securities in the Company reserved for members of savings plans, eliminating their preferential share rights)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report and, in accordance with the provisions of Articles L. 225-129-6 and L. 225-138-1 of the Commercial Code and Articles L. 3332-1 *et seq.* of the Labour Code:

1. hereby delegates to the Board of Directors, with the option of sub-delegation under the conditions provided for by the law, the authority to approve the capital increase, on one or more occasions, of a maximum par value of €150 million, by issuing Company shares or equity securities, reserved for members of one or more savings plans (or another plan for members, for which Article L. 3332-18 of the Labour Code would allow a reserved capital increase under equivalent terms) introduced within Groupama SA or the Groupama group comprising the Company and French and foreign companies included in the Company's accounting consolidation or combination in accordance with Articles L. 3344-1 and L. 3344-2 of the Labour Code;
2. sets the validity period of this authority at twenty-six months with effect from this meeting, and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 18 June 2015, in its 23rd Resolution;
3. resolves that the subscription price of the shares or the equity securities shall be set under the conditions stipulated in Article L. 3332-20 of the Labour Code and shall be equal to at least 80% of the Reference Price (as this expression is defined below) or at least 70% of the Reference Price when the lock-in period provided for by the plan under Article L. 3332-25 and L. 3332-26 of the Labour Code equals or exceeds ten years; however, the General Meeting expressly authorises the Board of Directors, if it deems appropriate, to reduce or eliminate the above-mentioned discounts up to the legal and regulatory limits in order to take into account, *inter alia*, the legal, accounting, tax and corporate systems applicable locally; for the purposes of this paragraph, the Reference Price refers to the price set in accordance with the objective methods applied for the valuation of shares, taking into consideration, in accordance with an appropriate weighting in each case of the net assets, profitability and the firm's business prospects, pursuant to the provisions of Article L. 3332-20 of the Labour Code;
4. authorises the Board of Directors to award future or previously issued shares or equity securities free of charge to the aforementioned recipients, in addition to the shares or equity securities to be subscribed for in cash, in order to make up for all or part of the discount on the Reference Price and/or employer's contribution, provided that the benefit resulting from this allocation does not exceed the legal or regulatory limits, pursuant to Article L. 3332-21 of the Labour Code;
5. resolves to eliminate the preferential subscription right of the shareholders to the securities subject to this authorisation in favour of the aforementioned recipients; the said shareholders also waiving any right to any bonus shares or equity securities which might be allocated free of charge under this resolution;
6. resolves that the Board of Directors shall have full powers, with the option of sub-delegation under the conditions provided for by the law, to implement this authority, with the option of sub-delegation, as stipulated by law, up to the limits and under the conditions specified above, in particular for the purpose of:
   - preparing, as stipulated by law, a list of companies of which employees, early retirees and retirees may subscribe to the shares or equity securities thus issued and qualify, if appropriate, for bonus shares or equity securities,
   - deciding that applications for shares may be made directly or through Company mutual funds (FCPE) or other vehicles or entities allowed under the applicable laws and regulations,
   - setting the terms, particularly as regards seniority, to be met by the recipients of the capital increases,
   - determining the subscription opening and closing dates,
   - setting the amounts of the issues to be carried out under this authority and determining the issue prices, dates, deadlines, subscription terms and conditions and terms for payment in full, delivery and effective legal date of the securities (even if retroactive), as well as the other terms and conditions for the issues,
   - if bonus shares or equity securities are awarded, setting the number of shares or equity securities to be issued and the number to be allocated to each recipient, and determining the dates, deadlines, and terms and conditions for awarding such shares or equity securities up to the limit allowed under existing laws and regulations and, in particular, choosing either to replace in full or in part the allocation of such shares or equity securities for the discounts off the Reference Price referred to above, or to charge the exchange value of such shares or equity securities to the total amount of the employer's contribution, or to combine these two options,
   - registering the capital increases carried out in the amount of the shares to be subscribed, after any reduction in the event of over-subscription,
   - charging any costs of the capital increases to the amount of the premiums associated with them,
   - entering into any and all agreements, carrying out, either directly or indirectly by an agent, any and all operations, including any

formalities subsequent to the capital increases and amending the bylaws accordingly, and

- in general, entering into any and all agreements aimed at the successful execution of the issues planned; taking any and all measures and carrying out any and all formalities required for issuing and accounting for the securities issued under this authority and exercising the rights attached thereto or subsequent to any capital increases completed.

Fourteenth Resolution

(Amendment of Article 12.2 of the bylaws relating to conditions for the election of employee Directors)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having taken note of the report by the Board of Directors, resolves to amend Article 12.2 of the bylaws concerning the conditions for the election of employee Directors in order to take account of the right to vote by Internet and to simplify the provisions of the bylaws. The modifications of Article 12.2 are as follows:

"12.2 – Conditions for the election of employee Directors

For each vacant seat on the Board, the method of ballot counting is as provided for in the legal provisions.

The elections may take place over the Internet.

In all cases or for any reason whatsoever, should the number of seats of elected Directors actually filled fall below two before the normal expiry of these Directors' term of office, the vacant seats will remain vacant until such expiry date and until then, the Board of Directors will continue to meet and carry out valid business.

Elections are held every four (4) years, such that a second round may be held no later than fifteen days before normal expiry of the term of office of the outgoing Directors.

The date of the 1st ballot round must be posted at least six weeks before. The list of voters must be posted at least five weeks before the date of the 1st round.

The deadlines for other electoral operations, for each ballot round, are as follows:

~~For both the first and the second rounds of balloting, the time frames to be met for each vote are the following:~~

- ~~the election date is to be posted at least eight weeks prior to the balloting date;~~
- ~~the list of voters is to be posted at least six weeks before the balloting date;~~
- candidates are to file at least ~~five~~ **four** weeks before the balloting date;
- the lists of candidates are to be posted at least ~~four~~ **two** weeks before the balloting date;
- the documents needed for voting by mail**, where applicable**, are to be posted at least ~~three~~ **two** weeks before the balloting date.

Candidates or lists of candidates may be nominated either by one or more representative union organisations, or by one-twentieth of the voters or, if their number is greater than two thousand, by one hundred voters.

The balloting will be carried out ~~on the same day~~ on the same dates on all of the Company's sites at the workplace and during business hours. ~~However, the following may vote by mail:~~

- ~~employees absent on the balloting date;~~
- ~~employees of a department or office or assigned to a subsidiary in France without a voting office and who cannot vote in another office.~~

~~Each~~ **The** voting office consists of three voter members, chaired by the eldest of them. They are responsible for the successful outcome of the voting activities.

Ballots will be counted in ~~each~~ **the** voting office immediately after the close of balloting; the report will be prepared upon completion of the counting.

The reports are immediately transferred to the registered offices of the Company, where an office will be established to consolidate the results with a view to preparing the summary report and announcing the results.

Directors elected by Company employees will assume office after the meeting of the Board of Directors held after ~~the announcement of the results~~ **the Ordinary General Meeting approving the financial statements for the fiscal year just ended.**

The conditions for balloting not defined by Articles L. 225-27 to L. 225-34 of the French Commercial Code, or by these bylaws, are set by Executive Management after consultation with the representative union organisations."

The rest of Article 12 remains unchanged.

Fifteenth Resolution

(Amendment of Article 14 of the articles of association relating to the powers of the Board of Directors: change in the wording of a decision of the Board of Directors)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having taken note of the report by the Board of Directors, resolves to amend the 4th item of the 2nd paragraph of Article 14 concerning the solidarity fund provided for by the agreement on security and solidarity plans, as this solidarity mechanism has been amended, by replacing it with a new item worded as follows:

"– the methods for implementing the solidarity plan pursuant to the agreement on security and solidarity plans"

The rest of Article 14 remains unchanged.

Sixteenth Resolution

(Compliance of the bylaws with the laws and regulations)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having taken note of the report by the Board of Directors, resolves to bring the bylaws into compliance with the applicable laws and regulations and to amend the 3rd and 4th paragraphs of Article 20 accordingly, which will now read as follows:

"Any shareholder may attend General Meetings or participate by proxy upon proof of identity and ownership of his or her shares in the form of registration in his or her name on the books of the

Company, as of the **second** business day preceding the General Meeting, at midnight.

Shareholders may be represented only by their spouse **or the partner with whom he or she has entered into a civil partnership agreement** or by another shareholder."

The rest of Article 20 remains unchanged.

Seventeenth resolution

(Powers for formalities)

The General Meeting, ruling under the required quorum and majority conditions for Ordinary General Meetings, grants full powers to the bearer of a copy or an extract of these minutes in order to carry out any formalities necessary.

7.4 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT, FINANCIAL DISCLOSURES AND FOR AUDITING THE FINANCIAL STATEMENTS

7.4.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Thierry Martel, Chief Executive Officer of Groupama SA.

7.4.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby declare, after taking every reasonable measure for this purpose, that the information contained in this registration document is, to my knowledge, a true reflection of the facts and does not contain any omissions liable to alter the scope thereof.

I hereby declare that, to my knowledge, the financial statements were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and the earnings of the Company and of all the companies included in its scope of consolidation, and the information disclosed in the management report presented under section 5.1 presents a true and fair view of the business trends affecting the Company and of the results and financial position of the Company and of all the companies included in its scope of consolidation as well as a description of the principal Risks and uncertainties they face.

I have received from the statutory auditors an end-of-engagement letter in which they indicate that they have audited the information on the Company's financial position and the financial statements given in this registration document and read the whole of the registration document.

The consolidated financial statements for the fiscal year ending 31 December 2015 have been certified by a report from the statutory auditors, appearing in section 6.2 of this registration document.

The statutory auditors prepared a report on the consolidated financial statements for the year ended 31 December 2014 and presented in the registration document no. D15-0395 filed with the AMF on 23 April 2015. This report, which contained an observation, appears on pages 298 and 299 of that registration document.

The statutory auditors prepared a report on the consolidated financial statements for the year ended 31 December 2013 and presented in the registration document no. D14-0432 filed with the AMF on 29 April 2014. This report, which contained an observation, appears on pages 290 and 291 of that registration document.

Paris, 27 April 2016

Chief Executive Officer

Thierry Martel

7.4.3 PERSON RESPONSIBLE FOR THE FINANCIAL DISCLOSURE

- Fabrice Heyriès
  Assistant Managing Director
  Telephone: 01.44.56.28.54
  Address: 8-10, rue d'Astorg – 75008 Paris (registered office)

7.4.4 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

7.4.4.1 Principal statutory auditors

Entered on the Roll of statutory auditors in Versailles

- PricewaterhouseCoopers Audit

  Represented by Éric Dupont

  Crystal Park

  63, rue de Villiers

  92208 Neuilly-sur-Seine

  Whose first term of office began on 18 December 2003. The current term of office has a duration of six fiscal years, which will expire at the end of the General Meeting convened to approve the financial statements for the year ending 31 December 2016.
- Mazars

  Represented by Jean-Claude Pauly and Nicolas Dusson

  Tour Exaltis

  61, rue Henri-Régnault

  92400 Courbevoie

  Whose first term of office began on 12 September 2000. The current term of office has a duration of six fiscal years, which will expire at the end of the General Meeting convened to approve the financial statements for the year ending 31 December 2017.

7.4.4.2 Deputy statutory auditors

Entered on the Roll of statutory auditors in Versailles

- Yves Nicolas

  Crystal Park

  63, rue de Villiers

  92208 Neuilly-sur-Seine

  Whose first term of office began on 25 May 2011 for a duration of six fiscal years, which will expire at the end of the General Meeting convened to approve the financial statements for the year ending 31 December 2016.
- Michel Barbet-Massin

  Tour Exaltis

  61, rue Henri Régnault

  92400 Courbevoie

  Whose first term of office began on 12 September 2000. The current term of office has a duration of six fiscal years, which will expire at the end of the General Meeting convened to approve the financial statements for the year ending 31 December 2017.

7.5 DOCUMENTS AVAILABLE TO THE PUBLIC

All the statements by the Company and the annual reports, including in particular the historical financial information on the Company, are available on the Company's website at the following address: www.groupama.com, "Finance" – under "Financial information", and a copy can be obtained at the Company's registered office at 8-10, rue d'Astorg – 75008 Paris.

The bylaws of the Company as well as the minutes of General Meetings, the auditors' reports and the parent company and consolidated financial statements can be reviewed at the Company's registered office: 8-10, rue d'Astorg – 75008 Paris, in the Legal Department.

GLOSSARY

Actuarial reserves

Sums which the insurer must record as liabilities on its balance sheet, corresponding to its commitments to policyholders.

On a like-for-like basis

On a like-for-like basis means that the information related to the period of the relevant fiscal year are adjusted using the exchange rate applicable for the same period of the previous fiscal year (constant exchange rate), eliminating the income from acquisitions, disposals and changes in scope of consolidation (constant scope) and cancelling changes in accounting methods (constant methodology) in one of the two periods compared.

Combined ratio

The combined ratio of Groupama SA is the ratio:

- of the total claims expense net of reinsurance and operating costs;
- to the premiums earned net of reinsurance.

Duration

The duration of a bond corresponds to the average duration of the funds generated by it weighted by their current values. On this order of magnitude, the value of the bond can be understood in terms of its sensitivity to conversions in the yield curve by extension, any flow sequence can be calculated, particularly those related to insurance liabilities based on projections of such flows.

Economic operating profit

Groupama SA's economic operating profit corresponds to the net profit, including any capital gains or losses on the share going to the shareholder, variations in fair value and one-time activities, net of corporate income tax.

Group insurance

A category of insurance allowing a legal entity called an underwriter to underwrite a policy with an insurance company for the purpose of having a group of persons join who are united by similar ties.

Guaranteed rates policy

Policy under which the insurer promises under contract to pay interest on the capital built up at a certain rate.

Individual insurance

A category of life and health insurance under which an individual can take out an insurance policy (death, life) with an insurance company.

Life and health insurance

Policies covering a personal risk. These policies include life and death insurance but also all risks affecting the physical integrity of the person due to accident or illness (disability, long-term care, healthcare reimbursement costs, etc.).

Long-term care policy

Policy designed to cover the risk of the loss of independence by the elderly.

Multi-vehicle policy

Insurance policy whose redemption value or the service paid by the insurer is denominated in euros and unit-linked assets The policyholder (or member) generally has a choice of currency in which he wishes to invest his premiums (in euros or in unit-linked assets) and may, depending on the possibilities provided under the policy, request that the initial choice be changed (arbitrage).

Policy in euros

Policy under which the redemption value or the service paid by the insurer are denominated in euros.

Profit-sharing

In life insurance and capitalisation, insurance companies include their policy-holders in their earnings by redistributing them.

Run-off

Discontinued operations for which the premium income consists exclusively of periodic premiums associated with old subscriptions.

Statutory solvency margin

Minimum risk coverage related to the insurance business required by oversight agencies to protect the interests of policy-holders.

Unit-linked policy

Insurance policy for which the redemption value and the service paid by the insurer are expressed not in euros but in another unit of value, generally in the number of shares or mutual fund units. Thus the exchange value in euros of the insurer's commitment depends on changes in the securities comprising the mutual fund on the financial markets.

CONCORDANCE TABLE WITH THE HEADINGS REQUIRED BY EU REGULATION NO. 809/2004

The concordance table below refers to the principal items required by EU Regulation 809/2004 (Schedule 1) pursuant to the "Prospectus" directive.

CONCORDANCE TABLE WITH THE DISCLOSURES REQUIRED IN THE ANNUAL FINANCIAL REPORT

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