GROUPAMA

COMBINED ACCOUNTS 2013

Groupama

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This is a free translation into English of the French combined financial statements of Groupama 2013 fiscal year and which is provided solely for the convenience of English readers.

REPORT OF THE BOARD OF DIRECTORS ON THE COMBINED FINANCIAL STATEMENTS OF GROUPAMA 2013 FISCAL YEAR

1. ENVIRONMENT

MACROECONOMIC ENVIRONMENT

Europe was still marked by sluggish growth in 2013, notably with an increasing gap in the difference between continental Europe and the United Kingdom (where the recovery was confirmed over the final quarter with 1.9% growth). In the eurozone, economic activity in 2013 remained low, leading the ECB to cut its key interest rates twice during the year (in May and November) to avoid deflation. Inflation in the eurozone nevertheless decelerated by 2.0% in early 2013 to 0.9% in November. However, the eurozone is characterised by strong heterogeneity in the economic environments of member countries. Germany saw GDP growth throughout the year and maintained its unemployment rate at a low level (6.9%). On the other hand, France and the countries of Southern Europe had growth rates that were lower, or even negative in some cases, and faced significantly higher unemployment rates. Against this backdrop, efforts to reduce public deficits were dramatic.

The other major point observed by the financial markets was the reinforcement of the stabilisation mechanisms for the eurozone. The years 2011 and 2012 marked the establishment of aid plans for countries experiencing difficulties, eventually giving rise to the more lasting ESM (European Stability Mechanism). The challenge for 2013 was establishing a mechanism for the supervision and direct bailout of banks at the European level. Europe thus experienced significant advances in 2013 regarding the supervision components of the Banking Union and must now stabilise the operational aspects of the ESM.

On the other side of the Atlantic, the recovery of US economic activity during the second half of the year revived expectations of a reduction of the Fed’s accommodative measures (measures mainly involving asset purchases and a policy of low interest rates). This change of intention resulted in a sharp increase in the long end of the US yield curve (early). October’s budget discussions delayed any reduction of the asset purchase programme in the fourth quarter. However, the confirmation of the economic recovery and a continuous decline in the unemployment rate during the year (7.0% in November versus 7.9% in January), combined with better visibility on tax policy, permitted a very gradual reduction in asset purchases starting in January 2014.

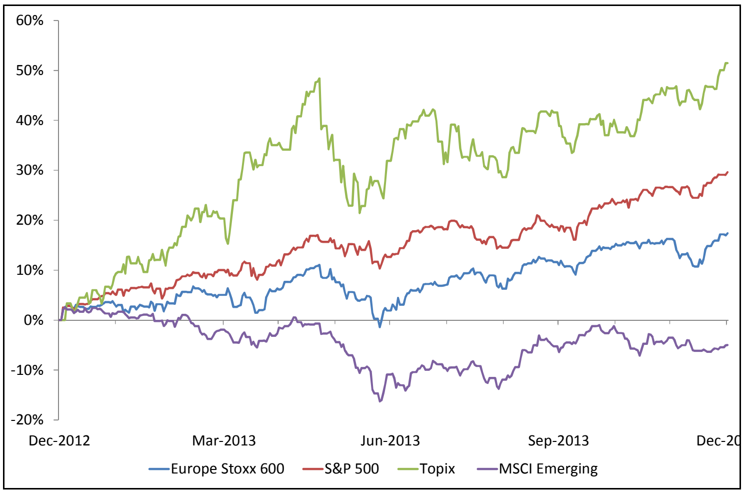
China was characterised by various phases of accelerations and slowdowns throughout the year. The main challenge for the economy is to improve the allocation of resources and the efficiency of the Chinese economic model. Investment growth thus slowed gradually during the year, just like real estate investment (due to certain announcements of reforms in this sector as well). In addition, various prudential measures were initiated to better regulate the risk associated with off-balance sheet bank loans.

In Japan, the initial effects of the country’s new economic policy, which involves significantly increasing liquidity through asset purchases by the Bank of Japan, were felt in the second quarter. Accordingly, deflationary pressures gradually pulled away during the year, and the yen depreciated by 20%. The depreciation of the yen brought about corporate profit growth as well as wage increases. Lastly, additional fiscal stimulus (accounting for 1% of GDP) was undertaken in the 4th quarter to stimulate the economy. However, activity in the manufacturing industry has not yet seen any progress at this stage.

FINANCIAL MARKETS

In this environment of abundant liquidity, risky assets held up particularly well.

Changes in the equity market



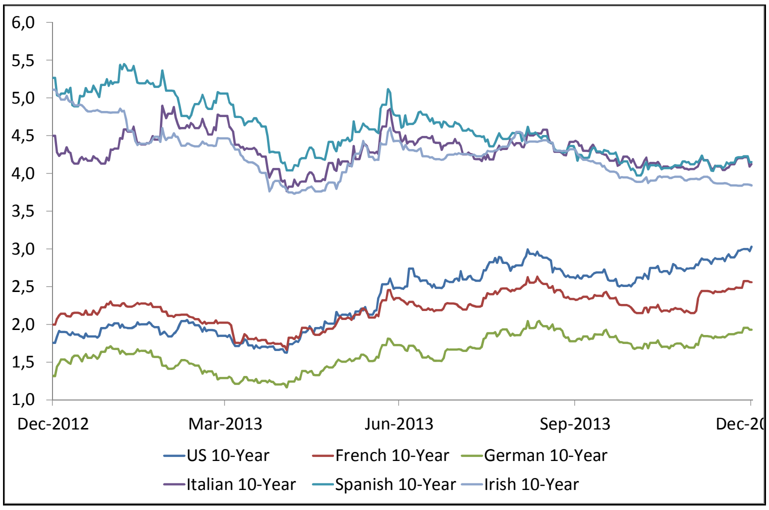
The majority of stock market indices finished the year with high performance:

- European markets were up 17.4% (DJ Stoxx 600 – Europe), driven by the first signs of recovery in global growth and a catching-up of valuations following a continued decline in investors' expectations of systemic risk in the eurozone,
- US markets were up 29.6% (S&P 500), fuelled by the confirmation of the US economy's recovery and a delay in the slowdown of the Fed's unconventional measures,
- Japanese markets were up 51.5% (TOPIX) thanks to the Japanese central bank's measures.

In contrast, emerging equities fell by -4.98% (MSCI Emerging):

- for specific reasons associated with the more unfavourable forecasts on these markets and an increased political risk over the second half of the year,
- more generally, because of fears of a slowdown of the Fed's unconventional measures.

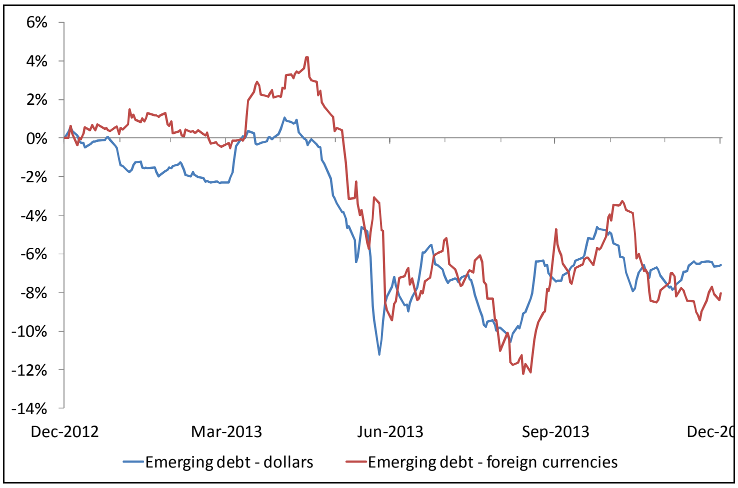
Changes in yields



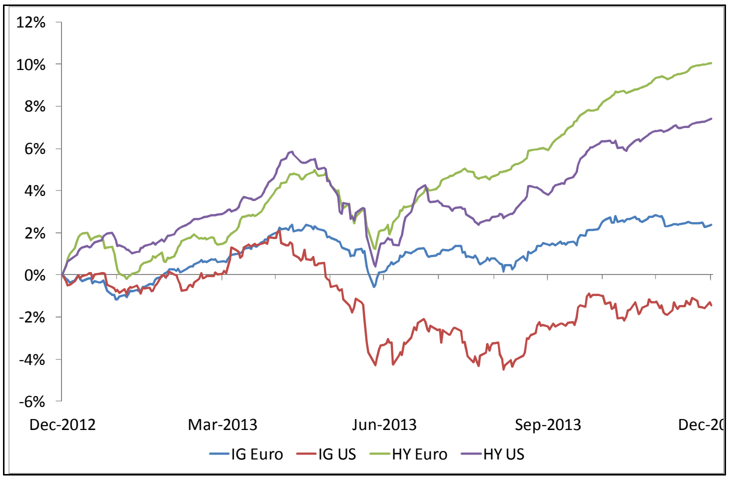
The bond asset class had a mixed performance. Following the announcements of gradual reductions in the Fed's accommodative measures, the rates of "core euro" and US sovereign bonds rose:

- the US 10-year rate was up 1.27%,
- French and German 10-year rates were up 0.56% and 0.61%.

Conversely, the rates of peripheral countries were greatly relaxed, with Italian, Irish, Spanish, and Portuguese rates down -0.37%, -1.26%, -1.14%, and -0.88% respectively because of the decline in expectations of systemic risk in the eurozone. In this context, emerging bonds greatly suffered from the Fed's announcements and from a resurgence of political risks in many countries. Indices were down -6.58% for emerging market debt denominated in dollars and -8.04% for debt in local currencies.



Changes in credit



The credit class also had an excellent year in 2013. The growth primarily involved the lowest-rated bonds and bonds issued by companies operating in the peripheral countries. The various credit indices thus increased with:

- "Investment Grade Euro" credit markets up 2.39%
- High Yield Euro and US markets up 10.06% and 7.42%.

Conversely, in the wake of US rate increases, a -1.46% decline in the "US investment grade" credit market was observed.

2. HIGHLIGHTS OF THE 2013 FISCAL YEAR

CHANGES IN THE REGULATORY FRAMEWORK

Law on the separation and regulation of banking activities

The law of 26 July 2013 on the separation and regulation of banking activities, published in the *Journal Officiel* on 27 July, establishes Groupama SA as the central body of the network of agricultural insurance and reinsurance companies and mutuals. It confirms and reinforces for the future the Group's mutualist nature and its cohesion based on the solidarity of its member companies.

Regulatory changes

A number of regulatory changes occurred during the fiscal year in the various countries where the group operates. In France, the reform of the Fonds de Garantie des Assurances Obligatoires de dommages (FGAO) have resulted in a cost of approximately €26 million net of taxes.

GROUP CHANGES

In France

Sale of the asset management company Groupama Private Equity

Groupama sold 100% of Groupama Private Equity's share capital in the ACG group. Announced on 7 January 2013, this transaction was completed on 29 March 2013. It comes as part of Groupama's strategy to dispose of its non-strategic businesses.

In connection with this sale, Groupama took the opportunity to partially sell the interests held by the Group in the private equity funds (FCPR Acto and FCPR Acto Capital II) to Acto Capital, a simplified joint-stock company in the process of formation represented by Luxempart and Five Arrows Secondary Opportunities III, a Rothschild group fund.

Allianz France and CapsAuto partnership

In September, Allianz France decided to team up with CapsAuto, a Groupama subsidiary, creator and leader of Accident Management in France, in order to roll out its automotive repair solution in the event of an accident. As part of this partnership, Allianz acquired a 15% stake in CapsAuto.

Abroad

Sale of Bollington

On 15 March 2013, Gan UK Broking Services sold its 51% of its stake in the brokerage firm Bollington. The effect of this transaction had been anticipated in the financial statements as at 31 December 2012.

Groupama strengthens its partnership with the Chinese group AVIC

On 25 April 2013, Groupama and the Chinese aviation group AVIC (Aviation Industry Corporation of China) signed a second partnership agreement relating to the insurance sector.
Under the terms of this agreement, the capital of Groupama AVIC Property Insurance Company Limited will be doubledto 1 billion Yen (€125 million). This capital increase, which will be shared equally by the two partners, is intended in particular to support the strong growth of Groupama AVIC Insurance on the agricultural and rural insurance market in China, which is exceeding the initial forecasts.

Bancassurance agreements in Italy

During the 1st half of 2013, Groupama Assicurazioni signed several bancassurance agreements with medium-sized and independent regional banking institutes located in north-central Italy. Groupama Assicurazioni takes no stake in the capital of the banks, but the aim is to pool processes and tools in order to streamline and improve insurance products investment. At first, the business will involve motor civil liability exclusively. It will later be extended to other products trom the main branches of insurance.

OTHER ITEMS

Financial rating

On 6 March 2013, Fitch upgraded the insurer financial strength rating of Groupama and its subsidiaries from 'BB+' to 'BBB-'. The outlook associated with the ratings of Groupama SA and its subsidiaries is stable.

On 30 October 2013, Fitch upgraded the rating of Groupama SA's undated deeply subordinated bonds from 'B-' to 'BB-', following the resumption of the coupon payment on 22 October 2013. Groupama's other ratings have remained the same.

Changes in the strategic securities held by Groupama

Groupama disposed of its stakes in Société Générale and Eiffage, allowing it to strengthen its financial flexibility and reduce its exposure to market risks:

- On 13 August 2013, Groupama disposed of the reminder of its stake in Société Générale, representing around 1.9% of the company's capital for approximately €517 million. The impact of the disposals of Société Générale securities, including those carried out in the 1st half of 2013, was approximately €88 million net of profit sharing and tax.
- On 9 September 2013, Groupama disposed of its entire stake in Eiffage, representing around 6.9% of the company's capital for approximately €250 million. The impact of this disposal amounted to €82 million net of profit sharing and tax.

On 1 October 2013, Groupama announced its withdrawal from the Mediobanca shareholders' agreement, in accordance with the terms of the agreement. This withdrawal took effect on 31 December 2013.

Reinsurance

- In July 2013, effective 1 January 2013, Groupama signed a 3-year contract for a 15% quota-share treaty in life insurance with a top-ranking international life reinsurer.

- Groupama continued to diversify its storm covers in France with the issue of a new catastrophe (cat) bond for €280 million in early July.
  Swiss Re Capital Markets placed a new structured bond, Green Fields II Capital Limited, on behalf of Groupama SA, providing €280 million of storm cover against storms in France for a risk period from 2 July 2013 to 31 December 2016. The collateral used to back this issue was a dedicated structured bond issued by the European Bank for Reconstruction and Development (AAA ratings by S&P, Moody's, and Fitch).

POST-BALANCE SHEET EVENTS

Financial rating

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

4. ANALYSIS OF FINANCIAL STATEMENTS

4.1 SUMMARY OF ACTIVITY AND RESULTS

Premium income in millions of euros	31/12/2012	31/12/12 pro forma	31/12/2013	Actual change	Like-for-like change
Property and casualty insurance - France	5,134	4,981	5,163	0.5%	3.6%
Groupama Gan Vie	4,176	4,176	3,667	-12.2%	-12.2%
Life and health insurance in France - excluding Groupama Gan Vie	1,888	1,888	1,921	1.8%	1.8%
Total Insurance - France	**11,198**	**11,045**	**10,751**	**-4.0%**	**-2.7%**
Property and casualty insurance - International	1,995	1,966	1,889	-5.3%	-3.9%
Life and health insurance - International	731	720	757	3.5%	5.1%
Total Insurance - International	**2,726**	**2,686**	**2,646**	**-2.9%**	**-1.5%**
Assuvie	6	6	6	-6.2%	-6.2%
Banking and financial businesses	267	253	266	-0.3%	5.0%
Total - GROUPAMA	**14,197**	**13,990**	**13,669**	**-3.7%**	**-2.3%**
Total - Insurance (excl. Assuvie)	**13,924**	**13,731**	**13,397**	**-3.8%**	**-2.4%**
Property and casualty insurance	7,129	6,947	7,052	-1.1%	1.5%
Life and health insurance	6,795	6,784	6,345	-6.6%	-6.5%

2012 pro forma data:
In France, the Group still posted business volume in 2012 for the brokerage sold to Allianz and sold entities (through reinsurance at Groupama SA, Mutuaide, and Groupama Protection Juridique). In 2013, the Group had no further activity in this respect. The premium income generated in 2012 included inward reinsurance relating to activities sold during the 2012 fiscal year: brokerage portfolio sold to Allianz and activities of the Spanish and British subsidiaries. These operations accounted for €105 million in premium income in 2012: €79 million for Groupama SA, €21 million for Mutuaide, and €5 million for Groupama Protection Juridique. As these reinsurance treaties no longer existed in 2013, these items were restated in the pro forma premium income of each of the entities.
The pro forma premium income of Groupama SA also incorporates the end of the participation in the Réunion Aérienne pool (an impact of -€17 million) and the run off of the transport branches (with the exception of Italy, an impact of -€15 million).
The pro forma premium income of Gan Assurances includes the end of insurance operations in Hong Kong (an impact of -€16 million).
The pro forma premium income as at 31 December 2012 of the banking entities includes the disposal of Groupama Private Equity, an impact of -€13 million on the group's premium income.
For those entities that do not use the euro as their functional currency (Turkey, Romania and Hungary), the exchange rate effects are neutralised in the pro forma; the actual data as at 31 December 2012 were converted based on the exchange rate at 31 December 2013.

As at 31 December 2013, Group's Insurance combined premium income reached €13.4 billion, down -2.4% on a like-for-like basis (-3.8% in actual change) compared with 31 December 2012. Including financial activities, the group's combined premium income was down -2.3% on a like-for-like basis (-3.7% in actual change) at €13.7 billion.

The Group also has drivers of international growth, particularly in China where it ranks first among foreign non-life insurers. If the share of companies accounted for under the equity method is included, the decline in premium income would be -1.7% thanks to the sustained growth of international businesses accounted for under the equity method.

Premium income in millions of euros	31/12/2012	31/12/12 pro forma	31/12/2013	Actual change	Like-for-like change
Total - GROUPAMA	**14,197**	**13,990**	**13,669**	**-3.7%**	**-2.3%**
Premium income of entities accounted for under the equity method	**230**	**214**	**288**	**25.3%**	**34.4%**
of which Turkey	143	131	153	6.7%	16.7%
of which Tunisia	41	38	42	4.5%	12.3%
of which China	45	45	92	102.8%	104.2%
Total GROUPAMA including EM entities	**14,426**	**14,204**	**13,956**	**-3.3%**	**-1.7%**

These activities mainly involve property and casualty insurance.

In **property and casualty insurance**, the Group posted overall growth of +1.5%, driven by a prudent development policy and price increases. In France, property and casualty insurance grew less than in the past (+3.6%) in this environment of more selective underwriting and a targeted price increase policy. International property and casualty insurance continued to face a contraction of potential insurance purchasers (particularly in the countries of Central Europe) and decreased by -3.9%, mainly because of the decline in the motor insurance business (-7.2%), which was quite pronounced on the Italian and Romanian markets.

The decline in **life and health insurance** premium income (-6.5%) is explained primarily by the reduced premium income of Groupama Gan Vie (-12.2%), which supports the individual savings/pensions business in France. This change was partly offset by an increase in international life and health insurance premium income (+5.1%) and the life and health insurance businesses excluding Groupama Gan Vie in France (+1.8%) (mainly in individual health). In France, Groupama Gan Vie's premium income was down -12.2% (-14.2% in individual and -8.1% in group). Individual savings/pensions premium income was down -17.8% because of the implemented product mix reorientation intended to strengthen products presenting risks (health, protection) and develop unit-linked policies in savings. Consequently, Groupama Gan Vie posted a decline in premium income in euros, but unit-linked premium income grew by +55.1% to €429 million. Adding to this performance were Groupama Gan Vie's Fourgous transformations (not recognised in premium income), which represented €1,084 million (including 37% invested in unit-linked accounts) as well as arbitrage of multi-component policies of euro funds for unit-linked funds for €431 million. International life and health insurance premium income increased (+5.1%), mainly under the effect of the growth in individual savings/pensions (+13.5% in connection with the success of various marketing campaigns in Italy +17.8% and Hungary +12.6%).

Insurance premium income in France represented 78.7% of the Group's overall business over the period, whereas International insurance premium income amounted to 19.4% of total premium income. The Group's other businesses (financial and banking) represented 1.9% of total premium income. Net banking income from these businesses amounted to €210 million at 31 December 2013.

Economic operating income in millions of euros	31/12/2012	31/12/2013	Value change
Property and casualty insurance - France	-58	-39	19
Life and health insurance - France	36	72	36
Total Insurance - France	**-22**	**33**	**55**
Property and casualty insurance - International	58	36	-22
Life and health insurance - International	22	22	0
Total Insurance - International	**80**	**58**	**-22**
Banking and financial businesses	12	13	1
Holding activities	-149	-89	60
Total - GROUPAMA	**-78**	**16**	**94**
Property and casualty insurance	1	-3	-4
Life and health insurance	58	95	37

The Group's **economic operating income** amounted to €16 million in 2013 versus -€78 million in 2012, an increase of €94 million. France's insurance economic operating income contributed +€55 million to the increase, with the balance coming from the Group's holding business for +€60 million. International economic operating income amounted to €58 million this year. The overall recovery was associated with refocusing actions on operational profitability. In a non-life view, at 100.8%, the combined ratio improved by -2.3 points for 2013, despite an increased proportion of weather events (+1.8 points) as well as major events to a lesser extent (+0.5 points).

In **France**, property and casualty insurance economic operating income improved by +€19 million in 2013. The net combined ratio was 101.9% in 2013 versus 102.3% in 2012. Despite a very unfavourable 2013 with respect to weather claims (the proportion of which was up +3.5 points compared with 2012), the gross claims ratio was down -0.9 points in 2013 under the combined effect of the very significant improvement in the attritional claims ratio (which decreased by -4.5 points) and, to a lesser extent, more surpluses on prior fiscal years (-1.3 points). The operating costs ratio decreased by -0.3 points to 30.0% in 2013 reflecting the efforts undertaken by the Group to reduce overhead costs. Individual life and health insurance economic operating income grew by +€36 million in 2013 with an improvement of underwriting results both in health and other injuries and in life/capitalisation.

At the international level, economic operating income in property and casualty insurance decreased by -€22 million over the period, whereas it was stable in individual life and health insurance. This figure incorporates the result of companies accounted for under the equity method, which was +€8 million in 2012 and down -€16 million in 2013, particularly because of the unfavourable results of the Group's minority stake in Turkey. This was an improvement in operating performance at the international level (in a macroeconomic environment and unfavourable competitive conditions in most of the countries where the Group is located). The property and casualty insurance combined ratio of 100.9% at the international level decreased by -0.5 points in 2013.

Banking and financial businesses contributed +€13 million to the group's economic income in 2013.

The group's **holding** business posted an economic loss of -€89 million in 2013 compared with -€149 million in 2012. The holding businesses mainly bear the cost of the Group's external debt and the support and Group business expenses. They are the backbone of the tax consolidation in France. These changes mainly resulted from the effects of the tax consolidation and, to a lesser extent, from a reduction in absolute value of the holding costs.

The Group's net income totalled +€283 million as at 31 December 2013 versus a loss of +€589 million in 2012. This incorporates -€50 million in exceptional impairment of portfolio securities (in Italy, -€39 million in impairment associated with the end of automatic renewal in non-life and, in Hungary, -€11 million associated with the continuation of taxes on non-life insurance policies).

As a reminder, the 2012 income incorporated:

- the income from discontinued operations for -€334 million,
- goodwill impairment for -€298 million mainly on the countries of Central and Eastern Europe.

Net income in millions of euros	31/12/2012	31/12/2013	Value change
Property and casualty insurance - France	61	61	0
Life and health insurance - France	182	349	167
Total Insurance - France	**243**	**410**	**167**
Property and casualty insurance - International	18	22	4
Life and health insurance - International	-10	15	25
Total Insurance - International	**9**	**37**	**28**
Banking and financial businesses	6	6	1
Holding activities	-218	-123	95
Net income from discontinued activities	-334		334
Gan Eurocourtage	*-153*		*153*
Spain	*-23*		*23*
GICL	*-136*		*136*
Lark	*-15*		*15*
Poland	*-7*		*7*
Goodwill impairment	**-298**	**0**	**298**
Other	**4**	**-47**	**-51**
Total net income - GROUPAMA	**-589**	**283**	**872**
Property and casualty insurance	79	83	4
Life and health insurance (1)	176	367	191

(1) Including Cegid's equity-method income

Premium income - France in millions of euros	31/12/12 pro forma			31/12/2013		
	L&H	P&C	Total	L&H	P&C	Total
Regional mutuals	1,671	3,509	5,180	1,724	3,594	5,319
Groupama SA	28	80	107	23	107	130
Groupama Gan Vie	4,176		4,176	3,667		3,667
Gan Assurances	157	1,195	1,352	159	1,231	1,390
Amaline Assurances	3	46	49	7	45	52
Other entities (1)	34	152	186	14	185	199
Total	**6,069**	**4,981**	**11,051**	**5,594**	**5,163**	**10,757**

(1) including Assuvie

Insurance premium income for France as at 31 December 2013 declined by -2.7% compared with 31 December 2012, and totalled €10,757 million.

Property and casualty insurance

Insurance premium income in millions of euros	P&C France		
	31/12/12 pro forma	31/12/2013	Change %
Regional mutuals	3,509	3,594	2.4%
Groupama SA	80	107	34.4%
Gan Assurances	1,195	1,231	3.0%
Amaline Assurances	46	45	-1.7%
Other entities	152	185	21.7%
Total	**4,981**	**5,163**	**3.6%**

The growth of **property and casualty insurance** premium income (48.0% of premium income in France) remained steady with growth of +3.6%, greater than the market (+2% – source: FFSA, end of December 2013). This change resulted particularly from the individual and professional insurance sector (nearly 60% of property and casualty premiums written, at €3,083 million), which rose by +3.4%. This increase is explained by sustained price increase actions, the development of the partnership with La Banque Postale (+€54 million in Groupama SA's premium income with growth of +€27 million), and the increased business activity of other specialised entities (Assistance +€26 million and Legal Protection +€7 million). Despite a more selective underwriting policy, the professional risk (+8.5%), housing (+5.6%), and motor insurance (+1.8%) segments performed well, better than the market (motor insurance: +1.5%, housing: +4%, professionals: +1% – source: FFSA, end of December 2013). Lastly, the agricultural business segment's premium income (€976 million) experienced strong growth (+6.6%) under the effect of price adjustments.

In property and casualty insurance (€3,594 million), the premium income of the **regional mutuals** was up +2.4% as at 31 December 2013, mainly under the effect of price increases. Individual and professional insurance increased by +2.7% and benefited from the good performance of the housing (+3.9%), passenger cars (+1.7%, higher than the market trend of +1.5% at the end of December 2013 – source: FFSA), and professional risks segments (+8.5%). The agricultural business segment also showed strong growth (+5.0%), driven mainly by the crops (+9.2%) and tractors and agricultural equipment (+7.7%) segments, which were the subject of vigorous technical recovery measures.

Groupama SA's premium income, which corresponds to certain national activities (LBP Assurance's inward reinsurance, group P&C policies resulting from the merger with Gan Eurocourtage, particularly unemployment insurance for corporate directors, as well as the remaining transport businesses) and to the shares in professional pools (Assurpol, etc.) amounted to €107 million as at 31 December 2013 versus €80 million over the previous period. This advance (+34.4%) arises primarily from the increase in premium income generated with La Banque Postale (+€27 million), which is reinsured by Groupama SA via a proportional treaty.

Premium income for **Gan Assurances** rose +3.0% to €1,231 million as at 31 December 2013. Premium income for the agents scope alone increased by +3.7%. Price adjustments and the development of the portfolio explain the increase in premium income on the fleets (+8.5%) and professional risks (+8.5%) segments. The housing segment, supported by price increases, rose by +4.3%. The moderate growth of the motor insurance segment (+0.7%) is explained by a decrease in the portfolio in number under the effect of monitoring actions.

As at 31 December 2013, **Amaline**'s premium income in property and casualty insurance was virtually stable over the period at €45 million. This change is explained mainly by the vigorous technical recovery actions on the motor insurance segment and by a sharp decrease in awareness campaigns. However, the housing segment's good performance is worth noting (+25.7% in connection with the development of the portfolio and the growth of the average premium).

Groupama Assurance Crédit posted premium income of €37 million as at 31 December 2013, stable in relation to the previous period.

Premium income for **Mutuaide Assistance** as at 31 December 2013 was up +44.8% at €84 million. In particular, this change was associated with the growth in business on various major policies outside the Group (policy covering pecuniary losses in the event of vehicle theft, business with La Banque Postale, and development of the assistance business associated with credit cards).

Premium income for **Groupama Protection Juridique** grew by +12.3% as at 31 December 2013 to €64 million, because of the steady development of external partnerships.

In property and casualty insurance, the economic operating loss in France was -€39 million in 2013 compared with -€58 million in 2012. It is broken down as follows:

Property and casualty insurance in France - In millions of euros	31/12/2012		31/12/2013		2013-2012 change	
Gross earned premiums	5,208	100.0%	5,219	100.0%	11	0.2%
Underwriting expenses (policy servicing) - excluding claims management expenses	-3,513	-67.5%	-3,477	-66.6%	36	1.0%
Reinsurance balance	-240	-4.6%	-283	-5.4%	-43	-17.9%
Underwriting margin net of reinsurance	**1,455**	**27.9%**	**1,459**	**28.0%**	**4**	**0.3%**
Net expenses from current underwriting operations	-1,576	-30.3%	-1,565	-30.0%	12	0.7%
Underwriting income net of reinsurance	**-122**	**-2.3%**	**-106**	**-2.0%**	**16**	**13.2%**
Recurring financial margin net of profit sharing and tax	93	1.8%	85	1.6%	-8	-8.1%
Other factors	-29	-0.6%	-19	-0.4%	11	35.9%
Economic operating income	**-58**	**-1.1%**	**-39**	**-0.7%**	**19**	**32.8%**
Restated income - Monte Carlo	3	0.1%	4	0.1%	1	33.3%
Capital gains realised net of corporate income tax and profit sharing	179	3.4%	97	1.9%	-82	-45.8%
Provision for write-downs for permanent impairment net of corporate income tax and profit sharing	-21	-0.4%	-4	-0.1%	17	81.0%
Gains or losses on financial assets recognised at fair value net of corporate income tax and profit sharing	16	0.3%	14	0.3%	-2	-12.5%
Amortisation of intangible assets net of corporate income tax	-5	-0.1%		0.0%	5	NA
Other operations net of corporate income tax	-53	-1.0%	-11	-0.2%	42	79.2%
Net income from discontinued activities	-2	0.0%		0.0%	2	NA
Group net income	**60**	**1.2%**	**61**	**1.2%**	**1**	**1.7%**

In **France**, **net underwriting income** (gross premiums earned – gross underwriting expenses – net expenses from current underwriting operations and reinsurance balance) grew by +€16 million over the period. The net combined ratio (including proportion reinsurance treaty) amounted to 101.9% in 2013 versus 102.3% in 2012 (-0.4 points over the period). This favourable trend came about in a very unfavourable environment for climate insurance with a continued high level of serious claims, burdened by regulatory changes (reform of the Fonds de Garantie des Assurances Obligatoires de dommages (FGAO), accounting for €40 million, or +0.8 points of combined ratio). Characterised by an accumulation of atypical medium-sized events, weather losses represented a cost of €583 million in 2013, i.e. a burden approximately 1.7 times the average burden observed over the last twenty years. Weather losses thus accounted for 3.5 points more than in 2012.

This change, combined with the slight deterioration of major losses (+0.6 points), reflected the very substantial efforts made by the Group to improve the attritional claims ratio, which decreased by 4.5 points in property and casualty insurance in France. Against this backdrop, it should be noted also that cancelled commitments on prior fiscal years were better than in 2012, affected by increased reserves for the 2011 drought. Lastly, the operating costs ratio declined by -0.3 points to 30.0% of gross earned premiums in property and casualty insurance, reflecting all of the actions taken to reduce the Group's operating costs.

The following key items should be noted as at 31 December 2013:

The **regional mutuals** posted a net combined ratio of 100.4% in 2013 versus 101.2% in 2012. This advance results from the combination of several factors:

- weather claims represented an additional expense of nearly €150 million compared with 2012, which makes a decline of -4 points in the attritional claims ratio,
- the serious claims expense at -€71 million declined by €25 million over the period (+0.7 points),
- an increase in surpluses on previous years,
- an improvement of the operating costs ratio by -0.7 points to 25.3% in 2013.

Groupama SA, the Group's internal reinsurer, presented a net combined ratio of 106.1% in 2013 compared with 105.4% in 2012. The gross claims ratio of the current fiscal year fell by +3.3 points in 2013 mainly as a result of weather claims as well as, to a lesser extent, the reform of the Fonds de Garantie des Assurances Obligatoires de dommages (FGAO), which accounted for +0.5 points. Groupama SA's weather losses accounted for €381 million on the 2013 accounts (compared with €160 million in 2012), i.e. €264 million net of reinsurance in 2013 compared with €75 million in 2012. The improvement of the Groupama SA portfolio's attritional claims ratio (which is comparable to that of the regional mutuals) was fully absorbed in this environment. Surpluses on previous years were greater than in 2012, which incorporated increased reserves related to the 2011 drought (€49 million). The operating costs ratio was down -0.4 points at 24.2% in 2013 and by -1.3 points on overhead costs excluding commissions alone.

The property and casualty insurance net combined ratio of **Gan Assurances** amounted to 100.5% in 2013 (i.e. +0.7 points). Like the portfolio of regional mutuals, the 2013 fiscal year was strongly characterised by an increase in major (+2.4 points) and weather (+0.3 points) claims, which masked an improvement in the attritional claims ratio of -0.7 points. Two other items that should be pointed out are the increase in surpluses (+€37 million compared with 2012) and the decline in the annuities result resulting from the decrease in the TME. Regulatory changes relating to the Fonds de Garantie des Assurances Obligatoires de dommages (FGAO) accounted for -€11 million of the claims expense in 2013. The reinsurance ratio increased by +0.5 points. The operating costs ratio was stable over the period at 30.5%. However, this ratio masks a decline in overhead costs of -1 point, which was offset by an increase in commissions.

In **France**, the **recurring financial margin** (after tax) in the **property and casualty insurance** business dropped by -€8 million over the period.

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

In **France**, the **net income** amounted to +€61 million in 2013 compared with +€60 million in 2012. This result includes a -€67 million decline in the non-recurring financial margin mainly because of lower realised capital gains particularly on buildings. Exceptional items represented an expense of -€11 million in 2013 versus -€53 million in 2012 (including -€22 million for the 2012 restructuring operations).

Life and health insurance

	L&H - France		
Insurance premium income in millions of euros	**31/12/2012**	**31/12/2013**	**Change %**
Groupama Gan Vie	4,176	3,667	-12.2%
Regional mutuals	1,671	1,724	3.2%
Groupama SA	28	23	-15.2%
Gan Assurances	157	159	0.8%
Amaline Assurances	3	7	>100%
Other entities [1]	34	14	-58.8%
Total	**6,069**	**5,594**	**-7.8%**

[1] *including Assuvie*

Premium income for **life and health insurance** (52.0% of premium income in France) fell by 7.8% to €5,594 million. Group premium income for life and capitalisation fell by -13.5% in a market that posted an increase of +6% at the end of December 2013 (source FFSA). This trend, fully assumed by the Group as part of its efforts to focus on activities with better margins, was mainly attributable to the decline in the individual savings/pensions business (-17.8%). While premium income in savings/retirement in euros decreased by -26.9%, unit-linked premium income in individual savings doubled, increasing sharply by +56.8% compared with 2012, whereas the market stood at 14.6%.

Premium income in health and bodily injury insurance as at 31 December 2013 declined by -1.5% compared with 31 December 2012, the individual health segment's growth (+1.7%) being negated by the decline in group health (-4.3%).

The Group's net inflows were negative at -€1,193 million as at 31 December 2013 compared with -€1,516 million over the previous period. These negative inflows were primarily associated with the decline in premium income in savings invested in euros, whereas benefits on this segment were down. However, unit-linked net inflows increased by €142 million.

The **Groupama Gan Vie** networks posted a -12.2% decline in premium income as at 31 December 2013, totalling €3,667 million. By business line, Groupama Gan Vie's premium income was generated for the most part in individual insurance (65.5%), with premiums down -14.2% compared with 31 December 2012 at €2,402 million. This change was mainly associated with the decline in individual savings in euros (-34.6%), whereas unit-linked premiums were up +58.3% at €414 million. Unit-linked outstandings in individual savings increased from 9.0% to 13.3% as at 31 December 2013. Note that in addition to premium income, Groupama Gan Vie managed Fourgous transfers (not recognised in premium income) for €1,084 million (including €405 million invested in unit-linked) as well as arbitrages of euro funds of multi-component policies for unit-linked funds for €431 million. Group insurance (34.5% of business) declined by -8.1% to €1,264 million. Adjusted for premium surpluses and effects of inward reinsurance portfolio entries, premium income would be down -5%. This change was the result of a rigorous risk selection policy (termination of unprofitable businesses combined with price adjustments).

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

in millions of euros	**2012 actual 31 December**	**2013 actual 31 December**	**Change 2013 / 2012**
Regional mutuals	1310	1151	-12.2%
Insurance agents	1065	1006	-5.6%
Brokerage	849	738	-13.0%
Gan Patrimoine	386	209	-45.8%
Gan Prévoyance	565	564	-0.3%
Total	**4,176**	**3,667**	**-12.2%**
Individuals	2,799	2,402	-14.2%
of which savings/pensions in €	*2,051*	*1,500*	*-26.9%*
of which unit-linked savings/pensions	*271*	*425*	*56.8%*
Groups	1,376	1,264	-8.1%
Total	**4,176**	**3,667**	**-12.2%**

Premium income of the **network of regional mutuals** amounted to €1,151 million as at 31 December 2013, down -12.2% compared with the previous period. In individual insurance, business decreased by -13.5% to €1,095 million because of the decline in individual savings in euros (-28.5%). The share of unit-linked premium income in individual savings saw strong growth over the period (27.5% as at 31 December 2013 versus 14.6% as at 31 December 2012). Also note that Fourgous transfers amounted to €754 million as at 31 December 2013 compared to €430 million over the previous period. Arbitrages of euro funds for unit-linked funds amounted to €131 million in 2013. Premium income in group insurance grew by +25.8% to €55 million at 31 December 2013, in connection with the growth in group retirement (+48.7%).

The agents network posted premium income of €1,006 million as at 31 December 2013, down -5.6% compared with 31 December 2012. Premiums written in individual insurance decreased by -7.6% because of the decline in premium income of the segment of individual savings in euros (-26.1%). Growth in the share of unit-linked premium income in individual savings was also very substantial (20.9% as at 31 December 2013 versus 9.0% as at 31 December 2012). This network benefited from Fourgous transfers of €26 million as at 31 December 2013 compared with €8 million over the previous period. Arbitrages of euro funds for unit-linked funds amounted to €87 million in 2013. Group insurance business decreased by -3.2% under the effect of the decline in the retirement (-5.7%) and protection (-3.8%) segments associated with the portfolio reorganisation measures.

The brokerage network recorded premium income of €738 million as at 31 December 2013, down -13.0% compared with 31 December 2012, mainly under the effect of the decrease of business in the group protection (-8.5%) and group health (-8.2%) segments associated with technical recovery measures.

Premium income for the **Gan Patrimoine** network was down -45.8% and totalled €209 million as at 31 December 2013. This decrease was associated with the decline in the individual savings segment (-48.3%). This network also posted a strong increase in the share of unit-linked premium income in individual savings (54.3% as at 31 December 2013 compared with 20.0% over the previous period). Fourgous transfers totalled €304 million as at 31 December 2013 compared with €246 million as at 31 December 2012. Arbitrages of euro funds for unit-linked funds amounted to €213 million in 2013.

Gan Prévoyance's commercial network saw stability in its business. It contributed €564 million to the Group's premium income as at 31 December 2013, while the growth in individual savings/pensions premiums (+0.6%) was offset by the decline in the individual protection business (-2.4%).

In individual life and health insurance, beyond Groupama Gan Vie's premium income, the premium income of the **regional mutuals** (€1,724 million) presented +3.2% growth compared with the previous period. Individual life and health insurance increased by +2.8% in connection with the good performance of the health (+1.9% to €1,154 million, under the combined effect of a +5.4% price increase and a decrease of -2% in the number of policies in the portfolio) and protection segments (+5.3% to €268 million, driven particularly by everyday accident insurance, which increased by +11.8% to €71.8 million). Group life and health insurance increased by +5.6%, supported by growth in the health (+2.6%) and local authority staff insurance (+10.1%) segments resulting from price increases.

The life and health insurance (individual health) premium income of **Gan Assurances** grew by +0.8% over the period and amounted to €159 million as at 31 December 2013.

The **Caisses Fraternelles** earned €8 million in premium income as at 31 December 2013 compared to €28 million over the previous period, following the run-off of production at Caisse Fraternelle Epargne.

The discontinued business of the subsidiary **Assuvie** continued to decline (-6.2%) compared with 31 December 2012. Its premium income (consisting only of single premiums on run-off) as at 31 December 2013 amounted to €5.8 million.

Economic operating income for **life and health insurance** in France increased by +€36 million to +€72 million in 2012.

Life and health insurance in France - In millions of euros	31/12/2012		31/12/2013		2013-2012 change	
Gross earned premiums	6,067	100.0%	5,594	100.0%	-473	-7.8%
Underwriting expenses (policy servicing) - excluding claims management expenses	-5,128	-84.5%	-4,442	-79.4%	686	13.4%
Reinsurance balance	-5	-0.1%	-10	-0.6%	-5	-83.4%
Underwriting margin net of reinsurance	**934**	**15.4%**	**1,142**	**20.4%**	**208**	**22.3%**
Net expenses from current underwriting operations	-1,243	-20.5%	-1,210	-21.7%	33	2.6%
Underwriting income net of reinsurance	**-309**	**-5.1%**	**-68**	**-1.2%**	**241**	**77.9%**
Recurring financial margin net of profit sharing and tax	270	4.5%	123	2.2%	-148	-54.6%
Other factors	75	1.2%	18	0.3%	-57	-76.4%
Economic operating income	**36**	**0.6%**	**72**	**1.3%**	**36**	**NA**
Restated income - Monte Carlo	-2		-7		-5	<-100%
Capital gains realised net of corporate income tax and profit sharing	230	3.8%	314	5.6%	84	36.5%
Provision for write-downs for permanent impairment net of corporate income tax and profit sharing	-51	-0.8%	-1	0.0%	50	98.0%
Gains or losses on financial assets recognised at fair value net of corporate income tax and profit sharing	6	0.1%	9	0.2%	3	50.0%
Amortisation of intangible assets net of corporate income tax	-3	0.0%		0.0%	3	NA
Other operations net of corporate income tax	-30	-0.5%	-35	-0.6%	-5	-16.7%
Net income from discontinued activities	2	0.0%		0.0%	-2	NA
Group net income	**188**	**3.1%**	**352**	**6.3%**	**164**	**87.2%**

Underwriting income net of reinsurance improved by +€241 million. The net combined ratio in health and other injuries declined by -4.8 points to 98.9% in 2013, a +€146 million improvement of underwriting income. The steady improvement of the current claims ratio and a favourable effect of surpluses on prior fiscal years explain this change. In life/capitalisation, the underwriting income increased by €95 million. Operating costs fell by -2.6% over the period, a decrease of -€33 million.

The net underwriting income of the **regional mutuals** in individual life and health insurance, which mainly pertained to health and bodily injury, presented a current claims ratio down -3.7 points over the period at 69.4% in 2013.

The net underwriting margin for reinsurance (before expenses) of **Groupama Gan Vie** totalled €601 million in 2013, an increase of €101 million resulting from the combination of several phenomena:

- an improvement in the current underwriting margin of +€8 million in individual insurance,
- growth in the current underwriting margin in group policies of +€25.6 million driven by the technical recovery (the claims ratio improved by -3 points),
- the absence of allocations to PTSC (additional special underwriting reserves) (PTSC on the RIP L441 scheme of +€16 million compared with 2012),
- the change in prudential reserves particularly associated with the stake in underwriting profits.

The net underwriting profit for individual life and health insurance for the **Groupama SA** entity was up with a current claims ratio that improved by -3.4 points over the period. This improvement of underwriting profits was visible in health and protection.

The **recurring financial margin** (net of profit sharing and tax) was down by €148 million over the period because of a decrease of approximately 11% in financial income constituting the income base used for the contractual and regulatory profit sharing combined with a reinforcement of profit sharing funds that resulted in an effective corporate and deferred profit sharing rate of 80.9% of IFRS financing income compared with 72.3% in 2012.

In **France**, the **net income** of the individual life and health insurance amounted to +€352 million as at 31 December 2013 compared with +€188 million in 2012, a year marked by -€20 million euros in restructuring costs. The 2013 non-recurring financial margin (realised capital gains, allocations to long-term impairment reserves, and gains or losses on financial assets recognised at fair value) amounted to +€322 million particularly because of the realisation of bond capital gains, whereas it amounted to €185 million in 2012. This result was the combination of better technical control and reinforcement of profit sharing funds.

4.3 ACTIVITY AND RESULTS – INTERNATIONAL

Premium income - International in millions of euros	31/12/12 pro forma L&H	31/12/12 pro forma P&C	31/12/12 pro forma Total	31/12/2013 L&H	31/12/2013 P&C	31/12/2013 Total
Italy	341	1,149	1,490	365	1,055	1,419
Greece	61	106	167	60	92	152
Turkey	73	291	363	81	348	429
Countries of Central and Eastern Europe	178	309	487	196	291	487
of which Hungary	*160*	*134*	*295*	*181*	*134*	*315*
of which Romania	*11*	*172*	*183*	*11*	*154*	*165*
of which Bulgaria	*7*	*3*	*10*	*5*	*3*	*8*
Portugal	61	8	69	46	8	54
Gan Outre-Mer	7	102	110	8	97	105
Total	**720**	**1,966**	**2,686**	**757**	**1,889**	**2,646**
Entities accounted for under the equity method (EM)	25	189	214	31	257	288
Total including EM	**745**	**2,155**	**2,900**	**788**	**2,146**	**2,934**

The group's **international** consolidated **premium income** was €2,646 million as at 31 December 2013, down -1.5% from 31 December 2012. Including the group's share in the premium income of entities accounted for under the equity method, the group's combined premium income at the international level increased by +1.2% and amounted to €2,934 million as at 31 December 2013.

Premium income for **property and casualty insurance** amounted to €1,889 million at 31 December 2013, down -3.9% from the previous period. This change was mainly associated with the decline in the motor insurance segment, which represented more than 67% of the written premiums in property and casualty insurance. It posted a decrease of -7.2% because of macroeconomic conditions or difficult markets in some countries where the Group operates as well as some drastic portfolio recovery actions like in Romania. The growth of the agricultural business segment (+23.5%), particularly in Turkey, and to a lesser extent in businesses and local authorities (+4.9%) partly offset this change.

Life and health insurance premium income grew by +5.1% to €757 million. The individual life and health insurance segment was up +8.2% under the effect of the growth of premium income in the individual savings/pensions segment (+17.8% in Italy and 12.6% in Hungary, thanks to the success of commercial actions in these countries). Group life and health insurance decreased by -7.1% because of the decline in the group retirement segment (-22.4% from non-renewal of 2012 payments in Italy and Greece in particular).

The **economic operating income** on the international scope decreased by -€22 million to +€58 million as at 31 December 2013.

The **property and casualty insurance** net combined ratio amounted to 100.9% as at 31 December 2013, down -0.5 points compared with 31 December 2012. The gross claims ratio decreased by +1.0 point to 66.1% mainly because of increased underwriting reserves in motor civil liability in Turkey, harsh weather in Central Europe, and the decline in the average premium in certain countries affected by the crisis. Despite the deteriorated economic environment and the strong price competition, underwriting profits improved either because of structural measures on the portfolios (Romania and Hungary) or by the more favourable effect of the surpluses on prior fiscal years (Italy and Greece). The reinsurance ratio was down -1.6 points over the period. The operating costs rate remained stable at 29.4%. It declined in value and includes a tax of €12 million on the premium income that was previously recognised in extraordinary income.

Net underwriting income in **life and health insurance** increased by +€25 million thanks to the improvement of the underwriting margin in Italy. The net combined ratio of the health/bodily injury business decreased by -12.4 points to 95.4% as at 31 December 2013 under the effect of voluntary technical recovery actions, and the margin of the life/capitalisation business, which continued to show a deficit (-€13.0 million), improved by +€3.4 million.

The **recurring financial margin** decreased by -6% to +€80 million as at 31 December 2013.

The economic operating income also included the share of the income accounted for under the equity method, which was -€7 million in 2013 because of the losses of the minority stake in Turkey (-€13 million in 2013) compared with +€8 million in 2012.

Economic operating income in millions of euros	31/12/2012	31/12/2013	change
Italy	67	62	-5
Greece	1	10	9
Turkey	-6	-17	-12
Portugal	1	0	-1
Countries of Central and Eastern Europe	**3**	**6**	**3**
Hungary	*18*	*14*	-4
Romania	*-15*	*-9*	7
Bulgaria	*0*	*1*	1
Great Britain	5	3	-2
Gan Outre-Mer	1	1	0
Entities accounted for under the equity method (EM)	**8**	**-7**	**-16**
Tunisia (Star)	4	2	-2
Turkey (Günes)	3	-13	-17
China (Avic)	2	5	3
Total	**80**	**58**	**-22**

The **net income** for international insurance totalled +€37 million as at 31 December 2013 versus +€9 million as at 31 December 2012. In particular, it incorporates elements of the non-recurring financial margin (impairment expense, capital losses realised, and change in fair value of financial instruments) for +€15 million and the recurring amortisation expense for portfolio securities (-€22 million).

The breakdown of net income by entity is as follows:

Net income in millions of euros (1)	31/12/2012	31/12/2013
Italy	**4**	**23**
Greece	**9**	**8**
Turkey	**-1**	**6**
Portugal	**0**	**0**
Countries of Central and Eastern Europe	**-16**	**3**
of which Hungary	6	11
of which Romania	-23	-9
of which Other	0	1
Great Britain	**2**	**3**
Gan Outre-Mer	**2**	**1**
Entities accounted for under the equity method (EM)	**8**	**-7**
Tunisia (Star)	4	2
Turkey (Günes)	3	-13
China (Groupama Avic)	2	5
Total	**9**	**37**

(1) excluding income from the Holding business.

Italy

Premium income for the Italian subsidiary **Groupama Assicurazioni** fell (-4.7%) to €1,419 million as at 31 December 2013.

Property and casualty insurance premium income decreased by -8.2% to €1,055 million. Motor insurance, which represented more than 80% of the written premiums in property and casualty insurance, was down -8.9% in a very competitive market affected by the drop in prices, leading to lost policies. The price repositioning carried out by the subsidiary has not yet reversed the trend in terms of the portfolio's growth. This segment also suffered from the elimination of automatic renewal. The agricultural business segment declined (-26.7%), as the company reduced the volume of hail premiums for the sake of technical recovery. Premium income on the business protection segment also decreased (-6.7%).

The **individual life and health insurance** business (€365 million) increased by +6.9%. The success of commercial campaigns explains the growth of the individual savings/pensions segment (+17.8%). However, this growth was mitigated by the decline in the individual health (-17.4%) and group protection (-21.7%) segments because of major policy terminations (sick fund for employees of the banking sector and sports federations) in order to improve profitability. Group retirement business also declined over the period (-33.5%) because of 2012 single premiums not renewed in 2013.

Economic operating income for Groupama Assicurazioni totalled +€62 million in 2013 compared with +€67 million as at 31 December 2012.

The net combined ratio for **property and casualty insurance** was 97.9%, down -1.2 points compared with the previous fiscal year. The claims ratio increased by +1.9 points to 71.6%, the reduction of the current claims ratio being partially offset by a more favourable effect of the liquidation of reserves on prior fiscal years. The motor insurance segment was negatively affected by strong price competition and the increase in claim frequency, which reduced the current loss rate by +5.9 points to 70.5%. Conversely, the current claims ratio for the home insurance segment improved significantly (-9.2 points to 63.6%) following the exceptionally high claims ratio of the previous fiscal year (earthquake in Emilia Romagna). The reinsurance ratio declined by -2.4 points (to 0.3%) because of the increase in transfers of major claims to reinsurers. The continuation of efforts to reduce operating costs resulted in a decrease in the ratio by -0.7 points to 26.0%.

Individual life and health insurance underwriting income increased by +€19.3 million to -€2.6 million. This change resulted mainly from the very favourable effect of the liquidation of reserves on prior fiscal years of the health segment as well as the technical recovery of the protection segment under the combined effect of portfolio adjustment measures and the decrease in the average claim cost.

The **contribution** was +€23.1 million compared with a profit of +€4.0 million as at 31 December 2012. It included the recurring amortisation of portfolio investments (-€14.6 million net of tax) and a net loss of -€15.6 million for the subsidiary's coverage of losses associated with the bankruptcy of an issuer. As a reminder, the 2012 contribution incorporated the losses associated with trading Greek bonds. In addition, the exceptional increase in the tax rate in 2013 decided upon by the Italian State generated an additional expense of -€7.9 million.

Greece

Premium income for **Groupama Phoenix** as at 31 December 2013 totalled €152 million, a drop of -8.8% compared with 31 December 2012.

The **property and casualty insurance** business was down -13.3% at €92 million. Premium income in motor insurance dropped -10.9% in a very competitive market suffering the effects of the economic crisis (decline in the number of insured vehicles, reduction of coverage taken out by policyholders, and development of low-cost offers). The business protection and housing segments also declined respectively by -16.0% (under the effect of termination of the portfolio with a broker) and -17.2% (due to lower production of the banking partner).

Life and health insurance premium income also decreased (-1.0%) to €60 million. The decline in written premiums in individual protection (-41.7% under the effect of stopping the production of guaranteed-rate policies) and group retirement (-15.3% because of the non-renewal of an exceptional payment received in 2012) explains this change. However, this change was mitigated by the good performance in individual savings/pensions (+123.7%) associated with the success of unit-linked campaigns.

Groupama

Economic operating income for Groupama Phoenix totalled +€10 million as at 31 December 2013 versus +€1 million in 2012.

In property and casualty insurance, the net combined ratio amounted to 83.0%, down -9.3 points compared with 31 December 2012. Despite the sharp contraction in business, the claims ratio showed a significant improvement in all segments with a rate down -18.5 points at 29.4%. The fire segment posted the most significant growth with a claims ratio down -29 points at 23.7%, after a 2012 impacted by a major claim. As for the motor insurance segment, it benefited from cancelled commitments resulting in a claims ratio down -11.5 points at 36.2%. The reinsurance balance declined by +5.7 points to 10.9% because of lower claims transfers. Despite the slight decrease in operating costs, the ratio increased by +3.4 points to 42.6% because of the decline in the base of earned premiums.

L&H underwriting income was close to breakeven with a strong improvement thanks to life insurance. Underwriting margins in individual health and protection were less negatively affected by changes in rates in 2013.

In this very delicate macroeconomic environment, the subsidiary confirmed its profitability. **Net income** totalled +€8.0 million in 2013 compared with a profit of +€9.5 million in 2012. It includes the amortisation of portfolio investments (-€1.0 million), a tax profit (+€1.5 million) associated with the capitalisation of tax losses carried forward, as well as an exit tax of -€2.5 million.

Turkey

Premium income for the Turkish subsidiaries **Groupama Sigorta** and **Groupama Emeklilik**, increased by +18.0% to €429 million as at 31 December 2013.

Property and casualty insurance premium income (€348 million) increased by +19.5%. The agricultural risks segment (including Tarsim) grew by +44.9% particularly because of Groupama Sigorta's entry into the pool for 5%. The motor insurance (+9.1%) and business P&C (+36.7%) segments benefited from good commercial performance by the agents network.

Individual life and health insurance business (€81 million) increased by +11.9%, under the effect of the growth of the group protection segment (+22.2%), which benefited from the signing of a new distribution agreement as well as increased production in the agriculture cooperative network TKK. The individual health segment increased by +12.5% under the effect of price increases, while the group health segment was down (-8.3%) because of the non-renewal of several policies (voluntary terminations).

Economic operating income for Groupama Sigorta and Groupama Emeklilik represented a loss of -€17 million as at 31 December 2013 compared with a loss of -€6 million as at 31 December 2012.

The net combined ratio for **property and casualty insurance** decreased by +2.5 points to 111.6% as at 31 December 2013. The claims ratio was up +1.7 points at 63.6%, primarily because of significant reinforcements on previous fiscal years in the motor civil liability segment resulting from changes in the country's regulatory and legal environment (€24 million). The current claims ratio improved significantly for all segments thanks to the significant decrease in the frequency of claims, sustained price increases, and control of average costs. The operating costs ratio was maintained at a level comparable to the ratio in 2012.

Individual life and health insurance declined by -€2.4 million because of the increase in commissions and the decrease in surpluses on prior fiscal years.

The **net income** of the Turkish subsidiaries totalled +€6 million compared with a loss of -€1 million in 2012. It incorporates a portfolio investment amortisation expense for -€2.2 million as well as realised capital gains from the sale of non-strategic local stakes in property and asset management (+€23 million), which funded the reinforcement of the previously mentioned technical reserves.

Portugal

Premium income for the **Portuguese subsidiaries** fell by -21.8% to €54 million as at 31 December 2013. In individual life and health insurance, written premiums decreased by -23.8% to €46 million, particularly because of the decrease in the life insurance premium (-25.9%). This change is explained mainly by the abandonment of certain types of policies (guaranteed rates in particular). The decrease in the premium of group retirement (-17.8% under the effect of the non-renewal of exceptional payments received in 2012) and group health (-12.9% in connection with the exit of a significant share of a broker's portfolio) should also be noted. Property and casualty insurance premium income (€8 million as at 31 December 2013) decreased by -6.8%.

Like the previous fiscal year, the **net income** of the Portuguese subsidiaries was close to breakeven. It was a slight improvement compared with the previous year mainly because of efforts undertaken to reduce overhead costs.

Tunisia

The Tunisian company Star (accounted for by the equity method) posted a profit of +€1.5 million as at 31 December 2013 compared with +€3.8 million as at 31 December 2012.

Hungary

Premium income for the subsidiary **Groupama Biztosito** in Hungary amounted to €315 million as at 31 December 2013, up +7.0% compared with 31 December 2012.

> Written premiums for **property and casualty insurance** remained stable at €134 million as at 31 December 2013. The good performance of the motor insurance (+8.1% in connection with the portfolio's development) and home insurance (+3.2%) segments were negated by the decline in the fleets segment (-30.7% under the effect of cleaning up the portfolio).
>
> In **individual life and health insurance**, premium income amounted to €181 million, an increase of +12.9%, in connection with the growth in premiums in individual savings/pensions (+12.6%), which benefited from the success of unit-linked campaigns conducted during the fiscal year.

Economic operating income for Groupama Biztosito totalled +€14 million as at 31 December 2013 compared with +€18 million as at 31 December 2012. Note that in 2013, a new tax accounted for -€12 million in the underwriting income, whereas in 2012, a tax for a similar amount (recognised as non-underwriting income and restated as a non-recurring in economic operating income) was eliminated.

> **The net combined ratio of property and casualty insurance** amounted to 103.8% compared with 106.5% as at 31 December 2012, a decrease of -2.7 points (pro forma 2012 ratio of the tax on financial institutions). The current claims ratio decreased by +0.9 points to 51.2% because of harsh weather during the first half of 2013, which negatively affected the housing and agriculture segments, and price competition that weighed on motor insurance segment. However, portfolio reorganisation measures greatly improved the claims ratio for vehicle fleets. The operating costs ratio decreased by -2.3 points to 52.0% in 2013 (compared with 54.3% on a pro forma basis in 2012 incorporating €12 million in income tax now recognised in overhead costs) in relation with the continuation of the overhead cost reduction plan.
>
> **L&H underwriting income** was compared with the previous fiscal year.

The Hungarian subsidiary's **net income** (including business of the Slovakian subsidiaries) amounted to +€11 million as at 31 December 2013 versus a profit of +6.0 million as at 31 December 2012. In particular, the figure incorporates the recurring portfolio investments amortisation (-€3.2 million after taxes).

Romania

Premium income for the Romanian subsidiary **Groupama Asigurari** decreased by -10.0% to €165 million as at 31 December 2013.

The **property and casualty insurance** business (€154 million) decreased by -10.6% over the period as a result of the decline in motor insurance (-12.7% under the effect of cleaning up the portfolio and very selective underwriting particularly in motor civil liability), which represented almost 70% of the written premiums in property and casualty insurance. The run-off of part of the portfolio and the decrease in the credit business explain the decline posted by the pecuniary losses segment (54.6%). Conversely, the growth in activity in the business protection (+16.3%) and housing (+9.1%) segments should be underlined. These segments benefited from targeted price increases, a new sales policy, and the establishment of differentiated services intended to meet the growing demands of customers in terms of service quality.

Premium income in **individual life and health insurance** (€11 million) remained stable over the period, with the run-off of part of the portfolio being offset by the development of the health segment, on which the subsidiary holds a significant position.

Economic operating income for Groupama Asigurari showed a loss of -€9 million as at 31 December 2013 compared with -€15 million as at 31 December 2012.

The net combined ratio for **property and casualty insurance** amounted to 109.1% compared with 117.6% as at 31 December 2012. Despite a difficult economic environment, the improvement of underwriting profitability affected almost all of the segments, thanks in particular to the price increases and portfolio reorganisation measures (termination actions, product mix optimisation, risk selection, anti-fraud, development of services included in policies, etc.). The motor segment's claims ratio thus decreased by -3.5 points, further affected by the burden of reinforced reserves on the civil liability segment, while the housing segment decreased by -17 points to 27.9%. The reinsurance ratio improved by -5.2 points because of the increase of transferred claims and the optimisation of reinsurance costs. The continuation of the plan to cut operating costs (excluding commissions) resulted in a decrease in the ratio by -3.8 points to 37.9%.

The **individual life and health insurance** underwriting income, while remaining close to breakeven, saw a slight decline in a gloomy economic environment unfavourable for the credit insurance business.

The **net loss** was -€9 million compared with -€23 million as at 31 December 2012. The subsidiary was also in line with its path of return to breakeven by the end of 2014.

Bulgaria

In **Bulgaria**, the premium income of the subsidiaries Groupama Zastrahovane and Groupama Jivotozastrahovane declined by -21.7% to €8 million as at 31 December 2013. Life and health insurance decreased by -30.8% to €5 million because of lower unit-linked production in 2013. Property and casualty insurance (€3 million) declined by -1.3% over the period (decrease in the average premium in housing in particular).

Thanks to an effect to control costs and a claims ratio under control, the contribution of the Bulgarian subsidiaries to the Group's net income was +€1.2 million as at 31 December 2013 compared with a breakeven result as at 31 December 2012.

Great Britain

The business of Groupama UK brokers contributed +€3 million to the profit as at 31 December 2013 compared with +€2 million euros as at 31 December 2012.

Gan Outre-Mer

Premium income for **Gan Outre-Mer** decreased by -4.4% to €105 million as at 31 December 2013. Property and casualty insurance business was down -5.5% over the period and totalled €97 million. The decline in the motor (-4.3% including fleets) and business protection (-11.0%) segments explains this change. Premium income in life and health insurance amounted to €8 million, up +10.2% compared with 31 December 2012.

Economic operating income for Gan Outre-Mer totalled +€1 million in 2013, stable compared with 2012. The net underwriting margin in property and casualty insurance was stable with a net combined ratio at 103.2% in 2013.

Net income for Gan Outre-Mer totalled +€1 million in 2013 compared with +€2.5 million in 2012. As a reminder, 2012 incorporated a +€1.3 million change in fair value.

China

Groupama-Avic, previously a branch of Groupama SA that became a subsidiary in 2011, posted a **contribution** of +€4.7 million to the Group's result as at 31 December 2013 compared with a profit of +€1.6 million as at 31 December 2012. During the 2013 fiscal year, the subsidiary saw strong development by improving its underwriting profitability.

Günes Sigorta

Günes Sigorta's net loss was -€13 million in 2013 compared with a net profit of +€3 million as at 31 December 2012.

4.4 FINANCIAL AND BANKING BUSINESSES

Premium income in millions of euros	31/12/2012	31/12/12 pro forma	31/12/2013
Groupama Banque	125	125	142
Asset management	136	123	119
Employee savings scheme	5	5	6
Total	**267**	**253**	**266**

NBI in millions of euros	31/12/2012	31/12/12 pro forma	31/12/2013
Groupama Banque	84	84	87
Asset management	130	117	112
Employee savings scheme	10	10	11
Total	**225**	**211**	**210**

Net income in millions of euros	31/12/2012	31/12/2013	2013-2012 change	
Net banking income before of cost of risk	225	210	-15	-6.5%
Cost of risk	7	-4	-10	<-100%
Other operating income and expenses and non-technical current income and expenses	-212	-188	25	11.6%
Other factors	-7	-6	1	19.9%
Economic operating income	**12**	**13**	**1**	**8.3%**
Other operations net of corporate income tax	-6	-7	-1	-16.7%
GROUP NET INCOME	**6**	**6**		**0.0%**

Groupama Banque

Turnover for **Groupama Banque** as at 31 December 2013 increased +13.6% to €142 million. Net banking income was up +3.3% at €87 million. This change is explained by the good performance of commercial banking.

Economic operating income improved by +€7.6 million to -€5 million in 2013.

The **cost of risk** fell by -€10 million over the period while remaining at a satisfactory level compared with peers. As a reminder, in 2012, this item incorporated the +€6.9 million writeback of a reserve no longer needed.

Operating expenses were down -12% in 2013 mainly because of the reduction of personnel expenses, IT expenses, and rents.

Groupama Banque's **net loss** was -€6 million in 2013 compared with -€18 million in 2012.

Asset management

Groupama Asset Management's premium income declined by -3.7% to €119 million as at 31 December 2013, under the effect of the outflow of outstandings, particularly following disposals of subsidiaries in 2012 at the Group level. The entity's net banking income followed the same trend and decreased by -4.1% to €112 million.

Groupama Asset Management's **economic operating income** stood at +€17 million in 2013 versus +€19 million in 2012. Including extraordinary income associated with the (transfer of premises and computer rooms), the entity's net income amounted to €11 million in 2013 compared with €19 million in 2012.

Groupama Epargne Salariale

Premium income for **Groupama Epargne Salariale** totalled €6 million as at 31 December 2013 compared with €5 million over the previous period. Net banking income increased by +6.6% to €11 million mainly because of the increase in commissions associated with the growth of outstandings.

The **net loss** was -€1.2 million in 2013.

Groupama Immobilier

Economic operating income for Groupama Immobilier, the group's property management subsidiary, totalled +€2.5 million in 2013 compared with +€6 million in 2012. This decrease was particularly attributable to the decrease in management fees because of sales of property assets carried out in 2012.

4.5 GROUPAMA SA AND HOLDINGS

In millions of euros	31/12/2012	31/12/2013	2013-2012 change	
Other operating income and expenses and non-technical current income and expenses	-130	-121	8	6.3%
Recurring financial income (after corporate tax)	35	36	2	4.6%
Other factors	-54	-4	50	93.0%
Economic operating income	**-149**	**-89**	**60**	**40.3%**
Capital gains realised net of corporate income tax	-8	1	9	>100%
Allocations to provisions for permanent impairment net of corporate income tax	-1	-4	-3	<-100%
Gains or losses on financial assets recognised at fair value net of corporate income tax	-32	-24	8	25.0%
Other operations net of corporate income tax	-28	-7	21	75.0%
Net income from discontinued activities	-334		334	NA
Goodwill impairment	-298		298	NA
GROUP NET INCOME	**-850**	**-123**	**727**	**85.5%**

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

Economic operating income for the holding companies stood at -€89 million in 2013 versus -€149 million in 2012. This change resulted from several factors:

- a reduction in holding costs of €8 million;
- a reduction in financing expenses of €15 million;
- an increase in tax consolidation income mainly under the effect of the improvement in the underwriting income of the various operational entities.

The holding companies generated a **net loss** of -€123 million in 2013 compared with -€850 million in 2012 (including -€334 million for sold businesses and -€298 million for goodwill impairments mainly on the CGU of Central and Eastern Europe).

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

Net income in millions of euros	31/12/2012	31/12/2013
Total Insurance - France	243	410
Total Insurance - International	9	37
Banking and financial businesses	6	6
Holding activities	-218	-123
Net income from discontinued activities	-334	0
Gan Eurocourtage	*-153*	*0*
Spain	*-23*	*0*
GICL	*-136*	*0*
Lark	*-15*	*0*
Poland	*-7*	*0*
Goodwill impairment	**-298**	**0**
Other	**4**	**-47**
Total net income - GROUPAMA	**-589**	**283**

4.6 COMBINED BALANCE SHEET

As at 31 December 2013, the Groupama's total balance sheet was €98.6 billion compared with €94.8 billion in 2012, an increase of +4.0% that, beyond the normal business activity, was associated with the establishment of a proportional life reinsurance treaty (15% of Groupama Gan Vie's underwriting reserves) with a leading reinsurer. This treaty increased the share of reinsurers in the underwriting reserves of approximately €7 billion. Conversely, the decrease in the repurchase agreement had an effect that reduced the bottom of the balance sheet by approximately -€3.3 billion.

GOODWILL

Goodwill amounted to €2.2 billion as at 31 December 2013, stable compared with 31 December 2012.

OTHER INTANGIBLE ASSET

Other intangible assets totalling €404 million as at 31 December 2013 (versus €570 million in 2012) are composed primarily of amortisable portfolio securities (€163 million) and computer software. In addition, it should be noted that an exceptional impairment of portfolio investments in Italy and Hungary was recognised for -€59 million and -€14 million respectively.

INVESTMENTS (INCLUDING UNIT-LINKED INVESTMENTS)

Insurance investments amounted to €75.6 billion in 2013 compared with €77.6 billion in 2012, a decrease of -2.6%.

The group's unrealised capital gains (including property) decreased by -€0.2 billion to +€4.9 billion (compared with +€5.1 billion at the previous close), mainly because of the decrease in unrealised capital gains due in part to the realisation of capital gains on bonds and in part to changes in bond rates, particularly on the OAT. It should be recalled that under IFRS, bond assets and equities are recorded at market value (the concept of unrealised capital gain defined above corresponds to the difference between the amortised acquisition value and the market value of this asset).

By asset allocation, unrealised capital gains break down as follows: +€2.1 billion on bonds, +€0.8 billion on equities, and +€2.0 billion on property.

Unrealised capital gains on financial assets (excluding properties) totalled +€2.9 billion (gross value), with +€0.9 billion attributable to shareholders (after profit sharing and taxes), versus +0.7 billion as at 31 December 2012. These amounts are recorded in the financial statements as a revaluation reserve. The Group share of unrealised capital gains on property (net of tax, profit sharing, and deferred minority interests) amounted to €0.6 billion as at 31 December 2013 compared with €0.7 billion as at 31 December 2012. The group chosen to recognise investment and operating properties according to the amortised cost method; unrealised real estate gains are therefore not recognised in the accounts.

SHAREHOLDERS' EQUITY

At 31 December 2013, Groupama's combined shareholders' equity amounted to €6.7 billion compared with €6.3 billion as at 31 December 2012.

This change can be summarised as follows:

(In millions of euros)

2013 opening Shareholders' equity	**6,280**
Change in revaluation reserve: fair value of AFS assets	-203
Change in revaluation reserve: shadow accounting	+267
Change in revaluation reserve: deferred tax	+136
Foreign exchange adjustment	-93
Other	-16
Income	**283**
Shareholders' equity as at 31 December 2013	**6,654**

SUBORDINATED LIABILITIES, FINANCING DEBTS, AND OTHER DEBTS

Total subordinated and external debt was €1.9 billion as at 31 December 2013, stable compared with the previous fiscal year.

As at 31 December 2013, subordinated debt totalled €1,238 million, stable compared with 31 December 2012.

The group's external debt totalled €703 million compared with €707 million, down -€4 million compared with 31 December 2012.

TECHNICAL RESERVES

Gross technical reserves (including deferred profit sharing) totalled €72.5 billion, compared with €72.2 billion as at 31 December 2012.

CONTINGENT LIABILITIES

Contingent liabilities totalled €604 million in 2013, compared with €647 million in 2012, primarily made up of pension commitments under IAS 19.

5. SOLVENCY/DEBT

Adjusted solvency resulted in a coverage ratio of the solvency margin requirement as at 31 December 2013 of 200.0% compared with 179.4% as at 31 December 2012.

The change in margin was associated with the implementation of a balance sheet derisking programme, but it was also supported by good performance on the financial markets.

Groupama's debt-to-equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 27.8% in 2013, compared with 28.5% in 2012.

6. RISK MANAGEMENT

Risk management is addressed in the internal control report.

7. FINANCIAL FUTURES POLICY

Interest rate risk

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

This is made possible by converting fixed-rate bonds into variable-rate bonds ("payer swaps"). The strategy may also consist of transforming a fixed-rate bond into a variable rate, either on a security held or on new investments. They are intended to permit assets 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 implemented on behalf of the life insurance companies as from 2005. In accordance with the approval of the Boards of Directors, the swap programme was supplemented in 2012 and partially extended to the Non-Life portion with a tactical management objective.

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

Foreign exchange risk

Ownership of international shares entails foreign exchange risk (dollar, yen), which can be hedged through forward sales. These forward sales are terminated as the underlyings are disposed of or are renewed to hedge the residual underlyings.
Hedging of the currency risk on the Hungarian forint was actively managed in 2013. Opportunities to hedge this risk will continue to be monitored in 2014.

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

Equity risk

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

Credit risk

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

8. OUTLOOK

At the end of 2013, the Group was fully committed to the path that it established for itself. The year focused on underwriting and operational profitability, and on strengthening the balance sheet. All of the actions implemented in this regard yielded results:

- An improvement in the non-life attritional claims ratio of 3.1 points at the Group level.
- A significant orientation of the life business in France towards products presenting risks (health, protection) and, in savings, towards unit-linked policies, with premium income increasing by more than 50% and now representing nearly 30% of premium income in individual savings.
- Control of overhead costs, which decreased in absolute value by €96 million in 2013, after a decrease of €172 million in 2012.
- Continued reduction of the balance sheet's sensitivity with the €576 million reduction of exposure to Portuguese debt and the full disposal of stakes in Société Générale and Eiffage.
- A solvency margin of 200%.

This performance was achieved despite an exceptional level of weather claims, the excess cost of which in relation to average observations was strong (€180 million before tax) because of the high frequency of medium-sized events.

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

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

COMBINED FINANCIAL STATEMENTS
GROUPAMA - 31 DECEMBER 2013
IFRS STANDARDS

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

ASSETS		31.12.2013	31.12.2012
Goodwill	Note 2	2,188	2,240
Other intangible assets	Note 3	404	570
Intangible assets		**2,592**	**2,809**
Investment property excluding unit-linked items	Note 4	1,310	1,348
Unit-linked investment property	Note 7	104	102
Operating property	Note 5	1,099	1,095
Financial investments excluding unit-linked items	Note 6	67,609	71,141
Unit-linked financial investments	Note 7	5,212	3,856
Derivatives and separated embedded derivatives	Note 8	280	80
Insurance business investments		**75,614**	**77,622**
Funds used in banking sector activities and investments of other activities	Note 9	**3,265**	**3,487**
Investments in related companies	Note 10	**1,053**	**1,039**
Share of outward reinsurers and retrocessionaires in liabilities related to insurance policies and financial contracts	Note 11	**8,410**	**1,441**
Other property, plant and equipment	Note 12	251	286
Deferred acquisition costs	Note 13	294	383
Deferred profit-sharing assets	Note 14		75
Deferred tax assets	Note 15	429	330
Receivables from insurance and inward reinsurance	Note 16	2,738	2,676
Receivables arising from outward reinsurance	Note 17	176	226
Current tax receivables and other tax receivables	Note 18	297	219
Other receivables	Note 19	2,365	2,226
Other assets		**6,550**	**6,421**
Assets held for sale and discontinued activities			
Cash and cash equivalents	Note 20	**1,075**	**1,933**
TOTAL		**98,559**	**94,753**

The notes on pages 43 to 195 are an integral part of the combined financial statements.

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

LIABILITIES		31.12.2013	31.12.2012
Capital		32	32
Revaluation reserve	Note 21	928	720
Other reserves		5,824	6,438
Foreign exchange adjustments		(413)	(321)
Combined income		283	(589)
Shareholders' equity (Group share)		**6,654**	**6,280**
Minority interest		15	18
Total Shareholders' equity		**6,669**	**6,298**
Contingent liabilities	Note 22	**604**	**647**
Financing debt	Note 24	**1,941**	**1,946**
Technical liabilities related to insurance policies	Note 25	**53,530**	**51,112**
Technical liabilities related to financial contracts	Note 26	**18,688**	**20,935**
Deferred profit-sharing liabilities	Note 14	**328**	**204**
Resources of banking sector activities	Note 9	**2,861**	**3,120**
Deferred tax liabilities	Note 15	375	561
Debts to unit holders of consolidated UCITS	Note 28	539	769
Operating debts to banking sector companies	Note 20	198	338
Debts arising from insurance or inward reinsurance operations	Note 29	829	787
Debts arising from outward reinsurance	Note 30	7,493	430
Current taxes payable and other tax liabilities	Note 31	281	280
Derivatives liabilities	Note 8	543	429
Other debt	Note 32	3,682	6,898
Other liabilities		**13,939**	**10,491**
Liabilities of activities to be sold or discontinued			
TOTAL		**98,559**	**94,753**

The notes on pages 43 to 195 are an integral part of the combined financial statements.

GROUPAMA

COMBINED INCOME STATEMENT (in millions of euros)

INCOME STATEMENT		31.12.2013	31.12.2012
Written premiums	Note 33	13,403	13,931
Change in unearned premiums		37	(12)
Earned premiums		**13,440**	**13,919**
Net banking income, net of cost of risk		**202**	**231**
Investment income		2,512	2,625
Investment expenses		(663)	(611)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs		1,167	519
Change in fair value of financial instruments recorded at fair value through income		394	462
Change in impairment on investments		(27)	(288)
Investment income net of expenses	Note 34	**3,384**	**2,706**
Total income from ordinary activities		**17,026**	**16,856**
Insurance policy servicing expenses	Note 35	(12,664)	(12,711)
Income on outward reinsurance	Note 36	1,082	1,344
Expenses on outward reinsurance	Note 36	(1,461)	(1,715)
Expenses and income on net outward reinsurance		**(13,042)**	**(13,081)**
Banking operating expenses	Note 37	(200)	(223)
Policy acquisition costs	Note 38	(1,850)	(1,921)
Administration costs	Note 39	(509)	(724)
Other current operating income and expenses	Note 40	(892)	(607)
Total other current income and expenses		**(16,493)**	**(16,556)**
CURRENT OPERATING INCOME		**533**	**300**
Other operating income and expenses	Note 41	(160)	(317)
OPERATING INCOME		**372**	**(16)**
Financing expenses	Note 42	(93)	(129)
Share in income of related companies	Note 10	(10)	(5)
Corporate income tax	Note 43	15	(103)
NET INCOME FROM CONTINUING ACTIVITIES		**285**	**(253)**
Net income from discontinued activities			(334)
OVERALL NET INCOME		**285**	**(587)**
of which, minority interests		2	2
OF WHICH, NET INCOME (GROUP SHARE)		**283**	**(589)**

The notes on pages 43 to 195 are an integral part of the combined financial statements.

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

In millions of euros	31.12.2013			31.12.2012		
	Group share	Minority interest	Total	Group share	Minority interest	Total
Net income for fiscal year	**283**	**2**	**285**	**(589)**	**2**	**(587)**
Items that may be subsequently reclassified to profit or loss						
Change in foreign exchange adjustments	(93)		(93)	69		69
Change in gross unrealised capital gains and losses on available-for-sale assets	(203)	(3)	(206)	6,648	25	6,673
Revaluation of hedging derivatives				49		49
Change in shadow accounting	267	1	268	(4,428)	(19)	(4,447)
Change in deferred taxes	144	1	145	(648)	(2)	(650)
Other changes	6	1	7	(62)	1	(61)
Items that may not be subsequently reclassified to profit or loss						
Revaluation of net actuarial debt on defined-benefit pension commitments	23		23	(35)		(35)
Change in deferred taxes	(8)		(8)	12		12
Other changes						
Total gains and losses recognised directly in shareholders' equity	**136**		**136**	**1,605**	**5**	**1,610**
Net income and gains (losses) recognised in shareholders' equity	**419**	**2**	**421**	**1,016**	**7**	**1,023**

The statement of net income and gains (losses) recognised directly in shareholders' equity – an integral part of the financial statements – includes, in addition to the net income for the year, the change in the reserve for gross unrealised capital gains (losses) on available-for-sale assets, minus deferred profit sharing and deferred taxes, as well as the change in the reserve for foreign exchange adjustments and the actuarial gains (losses) on post-employment benefits.

The notes on pages 43 to 195 are an integral part of the combined financial statements.

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

In millions of euros	Capital	Income	Deeply subordinated securities	Consolidated reserves	Revaluation reserve	Foreign exchange adjustment	Share-holders' equity (Group share)	Share of minority interests	Total Share-holders' equity
Shareholders' equity as at 31.12.2011	**32**	**(1,762)**	**999**	**7,285**	**(901)**	**(389)**	**5,264**	**12**	**5,276**
Allocation of 2011 income (loss)		1,762		(1,762)					
Dividends									
Change in capital									
Business combination								(1)	(1)
Impact of transactions with Shareholders		**1,762**		**(1,762)**				**(1)**	**(1)**
Foreign exchange adjustments						69	69		69
Available-for-sale assets					6,648		6,648	25	6,673
Shadow accounting					(4,428)		(4,428)	(19)	(4,447)
Deferred taxes				12	(648)		(636)	(2)	(638)
Actuarial gains (losses) of post-employment benefits				(35)			(35)		(35)
Other				(62)	49		(13)	1	(12)
Net income for fiscal year		(589)					(589)	2	(587)
Total income (expenses) recognised over the period		**(589)**		**(85)**	**1,621**	**69**	**1,016**	**7**	**1,023**
Total changes over the period		**1,173**		**(1,847)**	**1,621**	**69**	**1,016**	**6**	**1,022**
Shareholders' equity as at 31.12.2012	**32**	**(589)**	**999**	**5,438**	**720**	**(320)**	**6,280**	**18**	**6,298**
Allocation of 2012 income (loss)		589		(589)					
Dividends [(1)]				(41)			(41)	(1)	(42)
Change in capital									
Business combination				(4)			(4)	(4)	(8)
Impact of transactions with Shareholders		**589**		**(634)**			**(45)**	**(5)**	**(50)**
Foreign exchange adjustments						(93)	(93)		(93)
Available-for-sale assets					(203)		(203)	(3)	(206)
Shadow accounting					267		267	1	268
Deferred taxes				(8)	144		136	1	137
Actuarial gains (losses) of post-employment benefits				23			23		23
Other				6			6	1	7
Net income for fiscal year		283					283	2	285
Total income (expenses) recognised over the period		**283**		**21**	**208**	**(93)**	**419**	**2**	**421**
Total changes over the period		**872**		**(613)**	**208**	**(93)**	**374**	**(3)**	**371**
Shareholders' equity as at 31.12.2013	**32**	**283**	**999**	**4,825**	**928**	**(413)**	**6,654**	**15**	**6,669**

[(1)] Since these dividends relate to the change in shareholders' equity – Group share, they correspond to payment for deeply subordinated securities classified in equity under IFRS.

The notes on pages 43 to 195 are an integral part of the combined financial statements.

GROUPAMA
CASH FLOW STATEMENT (in millions of euros)

CASH FLOW STATEMENT	31.12.2013	31.12.2012
Operating income before taxes	372	(16)
Capital gains or losses from disposal of investments	(323)	2,250
Net allocations to depreciation	362	317
Change in deferred acquisition costs	83	44
Change in impairment losses	(790)	(2,204)
Net allocations to technical liabilities related to insurance policies and financial contracts	(6,309)	(602)
Net allocations to other reserves	(28)	88
Change in fair value of investments and financial instruments recorded at fair value by income (excluding cash and cash equivalents)	(393)	(461)
Other non-cash items included in operating income	52	67
Correction for items included in operating income other than monetary flows and reclassification of financial and investment flows	**(7,346)**	**(501)**
Change in operating receivables and payables	6,747	306
Change in bank operating receivables and payables	(160)	275
Change in repo and reverse-repo securities	(3,349)	1,337
Cash flow from other assets and liabilities	378	(30)
Net taxes paid	(199)	(129)
Net cash flows from operating activities	**(3,557)**	**1,242**
Acquisitions/disposals of subsidiaries and joint ventures, net of acquired cash	1	992
Investments/disposals in associates	(12)	3
Cash flows from changes in scope of consolidation	**(11)**	**995**
Net acquisitions of financial investments (including unit-linked items) and derivatives	3,084	(1,719)
Net acquisitions of investment property	93	684
Net acquisitions and/or issues of investments and derivatives from other activities		
Other non-cash items	(14)	(12)
Cash flows from acquisition and issues of investment	**3,163**	**(1,047)**
Net acquisitions of tangible and intangible assets and operating assets	(238)	(216)
Cash flows from acquisitions and disposals of tangible and intangible assets	**(238)**	**(216)**
Net cash flows from investment activities	**2,914**	**(268)**
Membership fees		
Issuance of equity instruments		
Redemption of equity instruments		
Operation on own shares		
Dividends paid [(1)]	(44)	
Cash flows from transactions with shareholders and members	**(44)**	
Cash allocated to financing debt	(4)	(217)
Interest paid on financing debt	(93)	(128)
Cash flows related to the Group's financing	**(97)**	**(345)**
Net cash flows from financing activities	**(141)**	**(345)**
Cash and cash equivalents as at 1 January	**2,068**	**1,555**
Net cash flows from operating activities	(3,557)	1,242
Net cash flows from investment activities	2,914	(268)
Net cash flows from financing activities	(141)	(345)
Cash flows related to assets and liabilities sold or discontinued		(123)
Effect of foreign exchange changes on cash	(45)	7
Cash and cash equivalents as at 31 December	**1,239**	**2,068**

[(1)] They correspond to payment for deeply subordinated bonds classified in equity under IFRS.

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

CASH FLOW STATEMENT	31.12.2013
Cash and cash equivalents	1,933
Cash, central bank, postal bank and accounts receivable from banking businesses	473
Operating debts to banking sector companies	(338)
Cash and cash equivalents as at 1 January 2013	**2,068**
Cash and cash equivalents	1,076
Cash, central bank, postal bank and accounts receivable from banking businesses	361
Operating debts to banking sector companies	(198)
Cash and cash equivalents as at 31 December 2013	**1,239**

The notes on pages 43 to 195 are an integral part of the combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS
CONTENTS

1. SIGNIFICANT EVENTS AND POST-BALANCE SHEET EVENTS

CHANGES IN THE REGULATORY FRAMEWORK

Law on the separation and regulation of banking activities

The law of 26 July 2013 on the separation and regulation of banking activities, published in the Journal Officiel on 27 July, establishes Groupama SA as the central body of the network of agricultural insurance and reinsurance companies and mutuals. It confirms and strenghtens for the future the Group's mutualist nature and its cohesion based on the solidarity of its member companies.

Regulatory changes

A number of regulatory changes occurred during the fiscal year in the various countries where the Group operates. In France, the reform of the Fonds de Garantie des Assurances Obligatoires de dommages (FGAO) have resulted in a cost of approximately €26 million net of taxes.

GROUP CHANGES

In France

Sale of the asset management company Groupama Private Equity

Groupama sold 100% of Groupama Private Equity's capital to the ACG Group. Announced on 7 January 2013, this transaction was completed on 29 March 2013. It comes as part of Groupama's strategy to dispose of its non-strategic businesses.

In connection with this sale, Groupama took the opportunity to partially sell the interests held by the Group in the private equity funds (FCPR Acto and FCPR Acto Capital II) to Acto Capital, a simplified joint-stock company in the process of formation represented by Luxempart and Five Arrows Secondary Opportunities III, a Rothschild group fund.

Allianz France and CapsAuto partnership

In September, Allianz France decided to team up with CapsAuto, a Groupama subsidiary, creator and leader of Accident Management in France, in order to roll out its automotive repair solution in the event of an accident. As part of this partnership, Allianz acquired a 15% stake in CapsAuto.

Abroad

Sale of Bollington

On 15 March 2013, Gan UK Broking Services sold its 51% of its stake in the brokerage firm Bollington. The impact of this transaction had been anticipated in the financial statements as at 31 December 2012.

Groupama strengthens its partnership with the Chinese group AVIC

On 25 April 2013, Groupama and the Chinese aviation group AVIC (Aviation Industry Corporation of China) signed a second partnership agreement relating to the insurance sector.
Under the terms of this agreement, the capital of Groupama AVIC Property Insurance Company Limited will be doubled to 1 billion Yen (€125 million). This capital increase, which will be shared equally by the two partners, is intended in particular to support the strong growth of Groupama AVIC Insurance on the agricultural and rural insurance market in China, which is exceeding the initial forecasts.

Bancassurance agreements in Italy

During the 1st half of 2013, Groupama Assicurazioni signed several bancassurance agreements with medium-sized and independent regional banking institutes located in north-central Italy. Groupama Assicurazioni takes no stake in the capital of the banks, but the aim is to pool processes and tools in order to streamline and improve insurance products investment. At first, the business will involve motor civil liability exclusively. It will then be extended to other products from the main branches of insurance.

OTHER ITEMS

Financial rating

On 6 March 2013, Fitch upgraded the insurer financial strength rating of Groupama SA and its subsidiaries from 'BB+' to 'BBB-'. The outlook associated with the ratings of Groupama SA and its subsidiaries is stable.

On 30 October 2013, Fitch upgraded the rating of Groupama SA's undated deeply subordinated securities from 'B-' to 'BB-', following the resumption of the coupon payment on 22 October 2013. Groupama's other ratings have remained the same.

Changes in the strategic securities held by Groupama

Groupama disposed of its stakes in Société Générale and Eiffage, allowing it to strengthen its financial flexibility and reduce its exposure to market risks:

- On 13 August 2013, Groupama disposed of the reminder of its stake in Société Générale, representing around 1.9% of the company's capital for approximately €517 million. The impact of the disposals of Société Générale securities, including those carried out in the 1st half of 2013, was approximately €88 million net of profit sharing and tax.
- On 9 September 2013, Groupama disposed of its entire stake in Eiffage, representing around 6.9% of the company's capital for approximately €250 million. The impact of this disposal amounted to €82 million net of profit sharing and tax.

On 1 October 2013, Groupama announced its withdrawal from the Mediobanca shareholders' agreement, in accordance with the terms of the agreement. This withdrawal took effect on 31 December 2013.

Reinsurance

- In July 2013, effective 1 January 2013, Groupama signed a 3-year contract for a 15% quota-share treaty in life insurance with a top-ranking international life reinsurer.

- Groupama continued to diversify its storm covers in France with the issue of a new catastrophe (cat) bond for €280 million in early July.
  Swiss Re Capital Markets placed a new structured bond, Green Fields II Capital Limited, on behalf of Groupama SA, providing €280 million of storm cover in France for a risk period from 2 July 2013 to 31 December 2016. The collateral used to back this issue was a dedicated structured bond issued by the European Bank for Reconstruction and Development (AAA ratings by S&P, Moody's, and Fitch).

POST-BALANCE SHEET EVENTS

Financial rating

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

2. COMBINATION PRINCIPLES, METHODS AND SCOPE

2.1. EXPLANATORY NOTE

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

The breakdown of share capital as at 31 December 2013 was as follows:

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

Both Groupama Holding and Groupama Holding 2, which are French sociétés anonymes, are wholly owned by the regional mutuals.

Groupama SA is a non-life insurance and reinsurance company, the sole reinsurer for the regional mutuals and the holding company for the Equity Management Division of the Groupama Group. Its activities are:

- to define and implement the operational strategy of the Groupama Group in collaboration with the regional mutuals and in line with the strategies defined by the Fédération Nationale Groupama;
- to reinsure the regional mutuals;
- to direct all subsidiaries;
- to establish the reinsurance programme for the entire Group;
- to manage direct insurance business;
- to prepare the consolidated and combined financial statements.

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

For its activities, the company is governed by the provisions of the French Commercial Code and the French Insurance Code and is subject to the supervision of the Prudential Control Authority.

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

- within the Groupama SA division, by capital ties. The subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain operational autonomy, each of the subsidiaries is subject to the requirements and obligations defined by the environment of Groupama SA, particularly in terms of control;
- in the Mutual Insurance Division:
  - by an internal reinsurance treaty that binds the regional mutuals to Groupama SA;
  - by a security and joint liability agreement between all the regional mutuals and Groupama SA ("Convention defining the security and joint solidarity mechanisms of the Caisses de Reassurance Mutuelle Agricoles that are members of the Federation Nationale Groupama", which was signed on 17 December 2003).

2.2. General presentation of the combined financial statements

The combined financial statements as at 31 December 2013 were approved by the Board of Directors, which met on 19 February 2014.

For the purposes of preparing the combined financial statements, the financial statements of each combined entity are prepared consistently in accordance with the International Financial Reporting Standards and the interpretations applicable as at 31 December 2013 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 2013 have been applied for the preparation of the Group's financial statements as at 31 December 2013. Their application had no significant effect on the Group's financial statements as at 31 December 2013. They are listed below and in the related notes:

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

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

- IFRS 10: Consolidated financial statements;
- IFRS 11: Joint arrangements;
- IFRS 12: Disclosure of interests in other entities;
- Revised IAS 28: Investments in related companies and joint ventures;
- Amendments to IFRS 10, IFRS 11, and IFRS 12: Transition guidance;
- Amendments to IFRS 10, IFRS 12, and IAS 27: Investment entities.

The amendments to IAS 32 "Offsetting financial assets and financial liabilities" and IAS 36 "Recoverable amount disclosures for non-financial assets" adopted by the European Union in December 2012 and December 2013 respectively were not applied early. Their application is deemed not to have a significant impact on the Group's combined financial statements.

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

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

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

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

The Group adopted IFRS for the first time for the preparation of the 2005 financial statements.

In the notes, all amounts are stated in millions of euros unless specified otherwise.

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

These estimates and assumptions are reviewed on a regular basis. They are based on past experience and other factors, including future events, the occurrence of which seems reasonable under the circumstances.

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

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

- initial valuation and impairment tests performed on intangible assets, particularly goodwill (Notes 3.1.1 and 3.1.2);
- evaluation of technical reserves (Note 3.12);
- estimate of certain fair values on unlisted assets or properties (Notes 3.2.1 and 3.2.2);
- estimate of certain fair values of illiquid listed assets (Notes 3.2.1);
- recognition of profit-sharing assets (Note 3.12.2.b) and deferred tax assets (Note 3.13);
- calculation of contingent liabilities and particularly valuation of employee benefits (Note 3.10).

2.3. CONSOLIDATION PRINCIPLES

2.3.1 Combination and consolidation scope and method

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

In accordance with the provisions of IAS 27 and IAS 28, UCITS and property investment companies are consolidated either through full consolidation or through the equity method. Control is examined for each UCITS on a case-by-case basis. However, control is assumed for UCITS with outstanding funds exceeding €100 million once the Group directly or indirectly holds at least 50% of the voting rights. Minority interests pertaining to UCITS subject to full consolidation are disclosed separately as a special financial liability item in the IFRS balance sheet. Underlying financial assets appear in the Group's insurance business investments.

- **Combining company**

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

- **Aggregated companies**

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

➢ Exclusively controlled entities

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

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

Full consolidation consists of:

- integrating into the consolidating company's financial statements the items in the financial statements of the consolidated companies, after any restatements;

- eliminating transactions and accounts between the fully consolidated company and the other consolidated companies;

- distributing shareholders' equity and profit among the interests of the consolidating company and the interests of the other "minority interest" shareholders or partners.

➢ De facto controlled companies

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

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

- The Group is the largest shareholder in the company;

- The other shareholders do not hold direct or indirect interests, in equity shares or voting rights, which exceed the Group's interest;

- The Group exerts significant influence over the company;

- The Group has the authority to influence the company's financial and operational policies;

- The Group has the power to appoint or arrange the appointment of Directors of the company.

➢ Related companies

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

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

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

➢ Deconsolidation

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

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

2.3.2 Changes in scope of combination

Changes in the scope of combination are described in Note 47 of the notes to the financial statements.

2.3.3 Uniformity of accounting principle

The Groupama SA combined financial statements are presented consistently for the entity formed by the companies included within the scope of combination, taking into account the characteristics inherent in consolidation and the financial reporting objectives required for consolidated accounts (predominance of substance over form, elimination of local tax accounting entries).

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

2.3.4 Conversion of financial statements of foreign companies

Balance sheet items are translated to euros (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 profit, which is translated at historic rates. The Group share of the resulting unrealised foreign exchange adjustment is recorded under "Unrealised foreign exchange adjustments", and the remaining balance is included in "Minority interests".

Transactions on the income statements are translated at the average rate. The Group share of the difference between income translated at the average rate and income translated at the closing rate is recorded under "Unrealised foreign exchange adjustments", and the remaining balance is included in "Minority interests".

2.3.5 Internal transactions between companies combined by Groupama

All transactions within the Group are eliminated.

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

Thus, inter-company transactions on the following must be eliminated:

- reciprocal receivables and payables as well as reciprocal income and expenses;
- notes receivable and notes payable are offset but, if the receivable is discounted, the credit facility granted to the Group is substituted for the note payable;
- transactions affecting commitments received and given;
- inward reinsurance, outward reinsurance and retrocessions;
- co-insurance and co-reinsurance operations and pooled management;
- broker and intermediation transactions;
- contractual sharing of premium income of group policies;
- reserves for the write-down of equity interests funded by the Company holding the securities and, if applicable, contingent liabilities recognised because of losses suffered by exclusively controlled companies;
- transactions on forward financial instruments;
- capital gains and losses from internal transfer of insurance investments;
- intra-Group dividends.

3. ACCOUNTING PRINCIPLES AND VALUATION METHODS USED

3.1. INTANGIBLE ASSETS

3.1.1 Goodwill

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

Residual goodwill results from the price paid above the Group's share in the fair value of the identifiable assets and liabilities of the acquired company as at the acquisition date, revalued for any intangible assets identified in the acquisition accounting according to revised IFRS 3 (fair value of assets and liabilities acquired). The price paid is the best possible estimate of the price supplements (earn-outs, payment deferrals, etc.).

The residual balance therefore corresponds to the valuation of the share of income expected on future production. This expected performance, which is reflected in the value of future production, results from the combination of intangible items that are not directly measurable. Such assets are assessed based on multiples or forecast future income that served as the valuation base for the price paid on acquisition and are used to establish the value of goodwill stated above.

For combinations prior to 1 January 2010, adjustments of future earn-outs are accounted for as an adjustment cost, and in income for combinations made starting from 1 January 2010.

For business combinations completed on or after 1 January 2010, the costs directly attributable to the acquisition are recorded in expenses when they are incurred.

Minority interests are valued, according to a choice made on each acquisition, either at fair value or for their share of the identifiable net assets of the acquired company.

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

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

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

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

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

In a business combination achieved in stages, the previously acquired stake in control is revalued at fair value and the resulting adjustment recorded through income.

Residual goodwill is not amortised, but is subject to an impairment test at least once a year as at 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 costs of sales, is computed as follows, in accordance with the recommendations of IAS 36 (§25 to 27):

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

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

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

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

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

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

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

3.1.2 Other intangible assets

Other intangible 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 amortised as margins are generated over the lifetime of the policy portfolios. A recoverability test is performed each year as a function of experience and anticipated changes in major assumptions and may, where applicable, result in an impairment loss.

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

Other intangible assets that do not have a finite lifetime are not amortised but are subject to a systematic impairment test.

Start-up costs are expensed rather than capitalised.

3.2 Insurance business investments

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

3.2.1 Financial assets

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

- **Classification**

Financial assets are classified in one of the following four categories:

- There are two types of assets at fair value through income:
  - Investments held for trading, which are investments for which the management intention is to generate income in the short term. If there have been short-term sales in the past, such assets may also be classified in this category;
  - Financial assets designated as optional (held for trading or 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 that are not listed on an active market.
- Available-for-sale assets (stated at fair value via shareholders' equity) include by default all other fixed-term financial investments, equities, loans and receivables that are not included in the other categories.

- **Reclassifications**

A financial asset may, under exceptional circumstances, be reclassified outside the category of investments held for trading.

A financial asset classified as available-for-sale may be reclassified outside the category of assets available-for-sale, into:

- the category of investments held to maturity when the intent or capacity of the Company changes or when the entity no longer has a reliable assessment of fair value,
- the category of loans and receivables when the financial asset meets the definition of loans and receivables on the date of the reclassification and when the entity has the intent and the capacity to hold the financial asset for the foreseeable future or until its maturity.

A financial asset classified in the category of investments held to maturity may be reclassified exceptionally as available for sale if the entity's intent or capacity has changed.

Initial recognition

The Group recognises its financial assets when it becomes party to the contractual provisions of these assets.

Purchases and sales of financial investments are recorded on the transaction date.

Financial assets are initially recorded at fair value plus, for assets not valued at fair value through income, the transaction costs directly chargeable to the acquisition. However, the transaction costs are not included in the acquisition cost of the financial assets when they are immaterial.

Repurchase transactions are maintained as assets on the balance sheet.

Fair value measurement methods

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

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

Valuation rules

The valuation rules and any impairment must be understood as depending on the classification of the financial instrument in one of the four categories given above.

Assets held for trading and those for which the option to include them in this category has been applied are recorded in the income statement at the closing fair value.

Financial assets held to maturity, unlisted equities for which the fair value cannot be measured reliably, and loans and receivables are recorded at amortised cost or historic cost. The amortised cost is the amount at which the asset was valued at the time of initial recognition, minus repayments of principal, plus or minus the cumulative amortisation of the differences between the initial amount and the amount at maturity (based on the effective interest rate) and corrected for any reserves for impairment.

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

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

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

- **Reserves for impairment**

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

Debt instruments classified as available-for-sale assets

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

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

Equity instruments classified as available-for-sale asset

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

As at 31 December 2013, there is objective evidence of impairment in the following cases:
- the financial investment was already covered by a reserve at the previous published close; or
- a 50% discount is observed as at the closing date; or
- the financial investment has been in a continuous unrealised loss position with respect to its book value over the last 36 months prior to the balance sheet date.

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

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

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

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

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

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

Investments valued at amortised cost

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

➢ **Derecognition**

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

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

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

3.2.2 Investment property

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

➢ **Initial recognition**

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

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

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

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

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

➢ **Valuation**

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

Each component is identified by its duration and depreciation rate.

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

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

The realisable value of investment property is determined on the basis of the five-year independent appraisal conducted by an expert approved by domestic regulators (the *Autorité de contrôle prudentiel et de résolution* in France). During each five-year period, the property is subject to an annual appraisal certified by the expert.

➢ Subsequent expenditure

Subsequent expenditure must be added to the book value of the property:

- if it is probable that these expenses will allow the asset to generate economic benefits;
- and these expenses can be reliably valued.

➢ Reserves for impairment

On each closing date of its financial statements, the Group determines whether there is evidence of potential loss of value on property recorded at amortised cost. If this is the case, the realisable value of the property is calculated as being the higher of two values: the sale price net of sale costs and the value in use. If the recoverable value is less than the net book value, the Group recognises a loss of value in income for the difference between the two values, and the net book value is adjusted to reflect only the recoverable value.

When the value of the property increases at a later time, the reserve for impairment is written back through income.

➢ Derecognition

Gains or losses from the disposal of property investments are booked in the income statement on the date of realisation and represent the difference between the net sale price and the net book value of the asset.

3.3. DERIVATIVES

3.3.1 General information

A derivative is a financial instrument with the following three features:

- its value fluctuates on the basis of the change in a specific variable known as the “underlying asset”;
- it requires a zero or low initial net investment compared with other instruments that react in the same way to market changes;
- it is settled at a future date.

All derivatives are recorded on the balance sheet at their fair value on the original date and during their subsequent revaluation. Changes in fair value are posted to income except for derivatives designated as cash flow hedges and net foreign investments.

3.3.2 Hedging derivatives

The use of hedge accounting is subject to obligations for documentation and periodic demonstration of the efficacy of the hedge.

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

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

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

3.3.3 Embedded derivatives

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

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

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

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

3.4. INVESTMENTS IN RELATED COMPANIES

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

3.5 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED ACTIVITIES

A non-current asset (or a group intended to be sold) is considered to be held for sale if its book value will be mainly recovered through a sale transaction rather than through continued use. In order for this to be the case, the asset (or the group intended to be sold) must be available for immediate sale in its current state, and its sale must be highly probable (within 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 income. In addition, non-current assets cease to be depreciated once they are reclassified as held-for-sale assets.

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

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

3.6 PROPERTY, PLANT AND EQUIPMENT

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

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

The depreciation methods reflect the method of economic consumption.

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

3.7 Operating receivables and payables, other assets and other liabilities

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

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

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

3.8 Cash and cash equivalents

Cash corresponds to available cash.

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

3.9 Shareholders' equity

➢ **Revaluation reserve**

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

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

➢ **Other reserves**

Other reserves consist of the following items:

- Retained earnings,
- Group consolidation reserves,
- Other regulated reserves,
- The impact of changes in accounting methods;
- Equity instruments akin to TSS (deeply subordinated instruments) whose features allow recognition in shareholders' equity. Compensation for these securities is treated like a dividend on shareholders' equity.

➢ **Foreign exchange adjustments**

Foreign exchange adjustments result from the consolidation process owing to the translation of statutory financial statements of foreign subsidiaries prepared in a currency other than the euro.

➢ **Minority interest**

Minority interests represent the share in the net assets and net income of a fully consolidated Group company. This share represents the interests that are not held directly by the parent company or indirectly through subsidiaries (concerning the purchase of minority interests and minority interests on consolidated UCITS, refer to Note 3.11).

3.10 CONTINGENT LIABILITIES

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

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

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

- **Personnel benefit**

- **Pension commitment**

The Group's companies have different retirement schemes. The schemes are generally financed by contributions paid to insurance companies or other funds, which are administered and valued on the basis of periodic actuarial calculations. The Group has defined-benefit schemes and defined-contribution schemes. A defined-contribution scheme is a retirement scheme under which the Group pays fixed contributions to an independent entity. In this case, the Group is not bound by any legal or implied obligation forcing it to top up the scheme in the event that the assets are not sufficient to pay, to all employees, the benefits due for services rendered during the current fiscal year and previous fiscal years. Pension schemes that are not defined contribution schemes are defined benefit schemes. This is the case, for example, for a scheme that defines the amount of the pension benefit that will be collected by an employee at retirement, which is generally a function of one or more factors, such as age, seniority and salary.

The liabilities recorded in the balance sheet for defined benefit pensions 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 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, whether the rights are vested or not in the event of a change in the 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 employee benefits when they are due. The contributions paid in advance are recorded as assets to the extent that the advance payment results in a reduction of future payments or a cash reimbursement.

3.11 FINANCING DEBT

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

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

- **Initial recognition**

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

➢ **Valuation rules**

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

➢ **Derecognition**

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

3.12 Technical operations

3.12.1 Classification and method of recognition

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

- insurance policies and financial contracts with discretionary profit sharing, which are governed by IFRS 4;
- financial contracts without discretionary profit sharing, which are governed by IAS 39.

➢ **Insurance policies**

An insurance policy is a contract according to which one party (the insurer) accepts a significant insurance risk of another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. An insurance risk is a risk, apart from the financial risk, transferred from the policyholder to the issuer. This risk is significant when an insured event may require an insurer to pay significant additional benefits whatever the scenario, with the exception of scenarios that lack business significance.

The existing accounting practices for insurance policies subject to IFRS 4 continue to be maintained, with the exception of the equalisation reserves as defined by IFRS 4 that are cancelled, provided that the reserves thus established meet the solvency tests stipulated by international standards (see Note 3.12.2.c).

➢ **Financial contracts**

Contracts that do not meet the definition of insurance policy as described above are classified as financial contracts. Financial contracts are broken down into two categories: financial contracts with and without discretionary profit sharing.

A discretionary profit-sharing clause is defined as being the contractual right held by a subscriber to receive an additional payment or another benefit, the amount or maturity of which is fully or partially at the discretion of the insurer and the valuation of which is based either on the performance of a set of contracts or a determined contract, either on the income or loss of the insurer, a fund, or any other entities having issued the contract or on realised and/or unrealised investment returns of a portfolio of specified assets held by the issuer.

The accounting methods for financial contracts with discretionary profit sharing are identical to the methods for insurance policies described above. Financial contracts without discretionary profit sharing are treated using the valuation procedures described in Note 3.12.3.

3.12.2 Insurance policies under IFRS 4

a. Non-life insurance policies

➢ **Premiums**

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

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

Insurance policy servicing expenses

Non-life insurance policy servicing expenses mainly include benefits and expenses paid and the change in claims reserves 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 the risks that are highly seasonal in nature.

Other technical reserves

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

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

Deferred acquisition costs

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

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

- **Premiums**

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

- **Insurance policy servicing expenses**

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

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

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

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

- **Actuarial reserves**

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

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

- **Profit-sharing reserve**

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

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

The reserve for deferred profit sharing includes:

- the reserve for unconditional profit sharing, which is recognised when a difference is recorded between the bases for calculating future rights in the individual company accounts and the consolidated accounts;
- the reserve for conditional profit sharing, which relates to the difference in liabilities between the individual company accounts 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. The resulting deferred profit sharing is recognised through the revaluation reserve or the income statement, depending on whether these gains and losses have been recognised in the reserve or in the income statement.

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

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

❖ Other technical reserves

Overall management expenses reserve

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

➢ Deferred acquisition costs

Variable costs directly attributable to the acquisition of life insurance policies are recorded in assets in the consolidated 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 exceptional impairment is recognised in expenses.

The Group applies shadow accounting for deferred acquisition costs.

c. Liabilities adequacy test

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

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

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

d. Unit-linked policies under IFRS 4

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

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

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

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

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

3.12.3 Financial contracts under IAS 39

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

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

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

3.12.4 Reinsurance operations

- **Inward reinsurance**

Inward reinsurance is booked treaty by treaty without difference on the basis of an assessment of the business accepted. These operations are classified according to the same rules as those described for insurance policies or financial contracts in Note 3.12.1. In the absence of sufficient information from the outward reinsurer, estimates are made.

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

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

- **Outward reinsurance**

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

3.13 TAXES

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

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

This is particularly the case when, because of completed transactions that are treated in both individual company statements and only in the consolidated accounts as restatements and eliminations of inter-company profit 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 proves to be compromised.

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

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

3.14 SEGMENT REPORTING

A business segment is a component of an entity whose operating income is regularly examined by the Group's principal operational decision-makers in order to assess the segment's performance and decide on the resources to allocate to it.

The Group is organised into three operational sectors: insurance in France, insurance abroad, and banking and financial businesses. The banking and financial activity segment, which is also the subject of specific notes (Notes 9.1, 9.2, and 33.3), has been grouped with the insurance segment in France in order to create an overall operational segment entitled France.

The various activities of each segment are as follows:

- **Life and health insurance.** The life and health insurance business covers the traditional life insurance business as well as personal injury (largely health risks, disability and long-term care);
- **Property and casualty insurance.** Property and casualty insurance covers, by default, all the Group's other insurance businesses;
- **Banking and finance business.** The banking and finance business relates to distribution of banking products, including fund management activities, real estate management, private equity and employee savings;
- **Holding company activity.** This mainly comprises income and expenses arising from managing the Group and holding the shares of the companies included in the Groupama SA scope of consolidation.

3.15 COSTS BY CATEGORY

Management fees and commissions related to insurance business are classified on the basis of their function by applying allocation keys defined as a function of the structure and organisation of each of the insurance entities.
Expenses are classified into the following six purposes:

- acquisition costs;
- administrative costs;
- claims settlement costs;
- investment expenses;
- other technical expenses;
- non-technical expenses.

NOTE 1 – SEGMENT REPORTING

NOTE 1.1 – SEGMENT REPORTING BY OPERATING SEGMENT

NOTE 1.1.1 – SEGMENT REPORTING BY OPERATING SEGMENT – BALANCE SHEET

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Intangible assets	928	1,664	2,592	982	1,827	2,809
Insurance business investments	69,446	6,168	75,614	71,500	6,122	77,622
Funds used in banking sector activities and investments of other activities	3,265		3,265	3,487		3,487
Investments in related companies	877	176	1,053	882	157	1,039
Share of outward reinsurers and retrocessionaires in liabilities related to insurance policies and financial contracts	8,144	265	8,410	1,184	258	1,441
Other assets	5,607	943	6,650	5,484	937	6,421
Assets held for sale and discontinued activities						
Cash and cash equivalents	691	384	1,075	1,477	456	1,933
Consolidated total assets	**88,958**	**9,601**	**98,559**	**84,995**	**9,757**	**94,753**
Contingent liabilities	516	87	604	554	93	647
Financing debt	1,941		1,941	1,946		1,946
Technical liabilities related to insurance policies	48,450	5,080	53,530	45,842	5,270	51,112
Technical liabilities related to financial contracts	17,374	1,314	18,688	19,723	1,212	20,935
Deferred profit-sharing liabilities	281	47	328	199	5	204
Resources of banking sector activities	2,861		2,861	3,120		3,120
Other liabilities	13,550	388	13,939	10,082	409	10,491
Liabilities of activities to be sold or discontinued						
Total consolidated liabilities excluding shareholders' equity	**84,973**	**6,917**	**91,890**	**81,466**	**6,988**	**88,454**

Groupama

NOTE 1.1.2 – SEGMENT REPORTING BY OPERATING SEGMENT – INCOME STATEMENT

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Earned premiums	10,906	2,534	13,440	11,373	2,545	13,919
Net banking income, net of cost of risk	202		202	231		231
Investment income	2,246	267	2,512	2,350	275	2,625
Investment expenses	(616)	(47)	(663)	(571)	(40)	(611)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	1,138	29	1,167	550	(32)	519
Change in fair value of financial instruments recorded at fair value through income	366	28	394	396	66	462
Change in impairment on investments	(16)	(11)	(27)	(303)	15	(288)
Total income from ordinary activities	**14,227**	**2,799**	**17,026**	**14,027**	**2,829**	**16,856**
Insurance policy servicing expenses	(10,701)	(1,963)	(12,664)	(10,717)	(1,994)	(12,711)
Income on outward reinsurance	880	202	1,082	1,015	329	1,344
Expenses on outward reinsurance	(1,185)	(276)	(1,461)	(1,267)	(448)	(1,715)
Banking operating expenses	(200)		(200)	(223)		(223)
Policy acquisition costs	(1,432)	(418)	(1,850)	(1,499)	(423)	(1,921)
Administration costs	(345)	(164)	(509)	(552)	(171)	(724)
Other current operating income and expenses	(833)	(59)	(892)	(547)	(60)	(607)
CURRENT OPERATING INCOME	**412**	**121**	**533**	**237**	**63**	**300**
Other operating income and expenses	(49)	(111)	(160)	46	(362)	(317)
OPERATING INCOME	**363**	**9**	**372**	**283**	**(299)**	**(16)**
Financing expenses	(93)		(93)	(128)		(129)
Share in income of related companies	(2)	(8)	(10)	(13)	8	(5)
Corporate income tax	31	(16)	15	(99)	(4)	(103)
NET INCOME FROM CONTINUING ACTIVITIES	**300**	**(15)**	**285**	**42**	**(295)**	**(253)**
Net income from discontinued activities				(160)	(174)	(334)
OVERALL NET INCOME	**300**	**(15)**	**285**	**(118)**	**(469)**	**(587)**
of which, minority interests	2		2	2		2
OF WHICH, NET INCOME (GROUP SHARE)	**298**	**(15)**	**283**	**(120)**	**(469)**	**(589)**

NOTE 1.2 – SEGMENT REPORTING BY BUSINESS

NOTE 1.2.1 – SEGMENT REPORTING BY BUSINESS – BALANCE SHEET

In millions of euros	31.12.2013				31.12.2012			
	Insurance	Banking	Inter-segment eliminations	Total	Insurance	Banking	Inter-segment eliminations	Total
Goodwill	2,167	20		2,187	2,219	20		2,240
Other intangible assets	395	9		404	557	13		570
Insurance business investments	77,686	8	(2,080)	75,614	79,680		(2,058)	77,622
Funds used in banking sector activities and investments of other activities		3,287	(22)	3,265		3,511	(25)	3,487
Investments in related companies	1,053			1,053	1,039			1,039
Share of outward reinsurers and retrocessionaires in liabilities related to insurance policies and financial contracts	12,219		(3,809)	8,410	5,048		(3,606)	1,441
Other assets	7,266	127	(843)	6,550	7,080	175	(833)	6,421
Assets held for sale and discontinued activities								
Cash and cash equivalents	1,075	6	(6)	1,075	1,933	20	(20)	1,933
Consolidated total assets	**101,862**	**3,457**	**(6,760)**	**98,559**	**97,555**	**3,740**	**(6,543)**	**94,753**
Contingent liabilities	583	21		604	618	29		647
Financing debt	3,233	27	(1,320)	1,940	3,234	27	(1,316)	1,946
Technical liabilities related to insurance policies	57,339		(3,809)	53,530	54,723		(3,611)	51,112
Technical liabilities related to financial contracts	18,688			18,688	20,935			20,935
Deferred profit-sharing liabilities	328			328	204			204
Resources of banking sector activities		2,885	(24)	2,861		3,165	(45)	3,120
Other liabilities	15,394	151	(1,607)	13,938	11,385	677	(1,570)	10,491
Liabilities of activities to be sold or discontinued								
Total consolidated liabilities excluding shareholders' equity	**95,566**	**3,084**	**(6,760)**	**91,890**	**91,099**	**3,898**	**(6,543)**	**88,454**

NOTE 1.2.2 – SEGMENT REPORTING BY BUSINESS – INCOME STATEMENT

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

In millions of euros	31.12.2012									
	France					International				Total
	P&C	L&H	Banking	Holding	Total	P&C	L&H	Holding	Total	
Earned premiums	**5,299**	**6,074**			**11,373**	**1,825**	**721**		**2,545**	**13,919**
Net banking income, net of cost of risk			**231**		**231**					**231**
Investment income	261	2,081		8	2,350	116	157	2	275	2,625
Investment expenses	(115)	(483)		27	(571)	(28)	(11)		(40)	(611)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	111	453		(13)	550	(2)	(30)		(32)	519
Change in fair value of financial instruments recorded at fair value through income	27	418		(49)	396	8	58		66	462
Change in impairment on investments	(25)	(277)		(1)	(303)	16	(1)		15	(288)
Total income from ordinary activities	**5,558**	**8,266**	**231**	**(29)**	**14,027**	**1,935**	**893**	**2**	**2,829**	**16,856**
Insurance policy servicing expenses	(3,849)	(6,868)			(10,717)	(1,228)	(766)		(1,994)	(12,711)
Income on outward reinsurance	747	268			1,015	322	8		329	1,344
Expenses on outward reinsurance	(990)	(277)			(1,267)	(440)	(8)		(448)	(1,715)
Banking operating expenses			(223)		(223)					(223)
Policy acquisition costs	(839)	(660)			(1,499)	(327)	(95)		(423)	(1,921)
Administration costs	(220)	(332)			(552)	(113)	(58)		(171)	(724)
Other current operating income and expenses	(317)	(112)	3	(121)	(547)	(50)	(6)	(4)	(60)	(607)
CURRENT OPERATING INCOME	**90**	**285**	**11**	**(150)**	**237**	**98**	**(33)**	**(2)**	**63**	**300**
Other operating income and expenses	74	(24)		(4)	46	(54)	(9)	(299)	(362)	(317)
OPERATING INCOME	**164**	**261**	**11**	**(154)**	**283**	**44**	**(42)**	**(301)**	**(299)**	**(16)**
Financing expenses	(2)	(1)		(126)	(128)					(129)
Share in income of related companies	(8)	(5)			(13)	8			8	(5)
Corporate income tax	(91)	(67)	(6)	64	(99)	(36)	32		(4)	(103)
NET INCOME FROM CONTINUING ACTIVITIES	**63**	**188**	**6**	**(215)**	**42**	**16**	**(10)**	**(301)**	**(294)**	**(253)**
Net income from discontinued activities				(160)	(160)	(2)	2	(174)	(174)	(334)
OVERALL NET INCOME	**63**	**188**	**6**	**(375)**	**(118)**	**14**	**(8)**	**(475)**	**(469)**	**(587)**
of which, minority interests		2			2					2
OF WHICH, NET INCOME (GROUP SHARE)	**63**	**186**	**6**	**(375)**	**(120)**	**14**	**(8)**	**(475)**	**(469)**	**(589)**

NOTE 2 – GOODWILL

In millions of euros	31.12.2013				31.12.2012
	Gross value	Impairment	Foreign exchange adjustment	Net value	Net value
Opening value	**3,047**	**(581)**	**(226)**	**2,240**	**2,955**
Newly consolidated entities					
Eliminations from the scope of consolidation					**(439)**
Central and Eastern European countries			(4)	(4)	(252)
Turkey			(46)	(46)	8
United Kingdom			(2)	(2)	(25)
Greece					(9)
Other changes during the fiscal year			**(52)**	**(52)**	**(278)**
Closing value	**3,047**	**(581)**	**(278)**	**2,188**	**2,240**

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.

Other changes during the fiscal year:

The only movements that affected goodwill on the balance sheet were 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 projections determined based on an estimated growth in premium income and a target combined ratio over the plan period. These assumptions are adapted on the basis of past experience and external constraints of the local market (competition, regulation, market shares, etc.). The financial assumptions (discount rate and yield rate) are set by the group and make it possible to determine the financial income projections and the discounted cash flows.

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

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

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

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

The rate thus applied in the major countries of Western and Southern Europe, excluding Greece, is 8%. Despite the current crisis, the use of such a rate by the countries of Western and Southern Europe is deemed relevant. The tightening measures applied by countries not part of the support plan will lead to a reassessment of their situation, which could be captured in the yield curves.

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

With regard to Hungary, the yield curve used falls within a bracket of 13% to 14% up to 2016, converging in the medium term at approximately 9%.

With regard to Romania, the yield curve used results in a bracket of 14% to 16% up to 2017, converging in the medium term at approximately 12.5%.

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

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

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%.

Regulatory changes such as the end of the system of automatic renewal of certain policies in Italy as well as the continuation of the tax on insurance activities in Hungary have been incorporated into the projections of future cash flows.

Applying these impairment tests did not result in the recognition of additional goodwill impairments as at 31 December 2013.

Subsequent comparative analyses between the business plan data and the actual data on the principal income statement totals (combined ratio, underwriting income, etc.) were carried out and did not call the impairment tests into question.

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

For the goodwill of the CGU in countries of Central and Eastern Europe, a combined increase of 100 basis points in the discount rate and yield rate would lead to a need for additional coverage of €27 million (while a lowering by 100 basis points would result in a positive coverage effect of €38 million).
On this same CGU, the sensitivity test on the long-term growth rate would also result in a negative coverage effect of €19 million if it fell by 50 basis points (it would be in excess of €23 million with an increase of 50 basis points).

For the goodwill of the CGU of the Greek subsidiary, Groupama Phoenix, an increase of 100 basis points in the discount rate would lead to an impairment of -€6 million (while a lowering of the discount rate by 100 basis points would result in a surplus of €18 million). The sensitivity test on the long-term growth rate would not have a particularly significant impact (around €3 million).

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

The sensitivity tests conducted on the other cash-generating units would not result in the recognition of impairment, except for the subsidiaries Gan Assurances and Groupama Assicurazioni (Italy), where a combined increase of 100 basis points in the discount rate and yield rate would show a shortfall of -€10 million and -€5 million respectively.

NOTE 2.1 – GOODWILL – BREAKDOWN BY CASH-GENERATING UNIT

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

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

It should also be recalled that in fiscal years 2009 to 2012, the Group applied goodwill impairment of €581 million relating to 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	31.12.2013			31.12.2012		
	Intangible assets related to insurance business	Other intangible assets	Total	Intangible assets related to insurance business	Other intangible assets	Total
Opening gross value	**557**	**1,521**	**2,078**	**667**	**1,437**	**2,104**
Increase	5	96	101		139	139
Decrease	(5)	(17)	(22)	(58)	(37)	(95)
Foreign exchange adjustments	(25)	(2)	(27)	10	2	12
Change in scope of consolidation		3	3	(62)	(20)	(82)
Closing gross value	**532**	**1,602**	**2,133**	**557**	**1,521**	**2,078**
Opening cumulative amortisation	**(222)**	**(1,212)**	**(1,434)**	**(214)**	**(1,084)**	**(1,298)**
Increase	(31)	(144)	(175)	(36)	(151)	(187)
Decrease		7	7	26	6	32
Foreign exchange adjustments	20	1	21	(6)	(1)	(7)
Change in scope of consolidation		(3)	(3)	8	18	26
Reclassifications		(6)	(6)			
Closing cumulative amortisation	**(233)**	**(1,356)**	**(1,589)**	**(222)**	**(1,212)**	**(1,434)**
Opening cumulative long-term impairment	**(65)**	**(9)**	**(74)**	**(74)**	**(12)**	**(86)**
Long-term impairment recognised	(75)	(1)	(76)	(1)	(1)	(2)
Long-term impairment write-backs				11	4	15
Foreign exchange adjustments	4		4	(1)		(1)
Change in scope of consolidation						
Reclassifications		6	6			
Closing cumulative long-term impairment	**(136)**	**(3)**	**(139)**	**(65)**	**(9)**	**(74)**
Opening net value	**270**	**300**	**570**	**379**	**341**	**720**
Closing net value	**163**	**242**	**404**	**270**	**300**	**570**

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 distribution networks, values of customer relationships and brands.
Allocations to amortisation of portfolio securities amounted to €31 million as at 31 December 2013, compared with €36 million as at 31 December 2012. The elimination of automatic renewal in Italy as well as the continuation of the tax on insurance activities in Hungary led to a revision of the assumptions originally made in order to recognise these portfolio values, which resulted in an additional impairment of intangible assets for €59 million and €13 million respectively.

Other intangible assets

Other intangible assets consist primarily of software acquired and developed internally.

They also include €13 million related to the estimated recoverable amount of the termination compensation provided for in Article 26 of the law of 9 November 2010 on retirement reform.

NOTE 3.1 – OTHER INTANGIBLE ASSETS – BY OPERATING SEGMENT

In millions of euros	31.12.2013						31.12.2012	
	Intangible assets related to insurance business		Other intangible assets		Total		Total	
	France	Inter-national	France	Inter-national	France	Inter-national	France	Inter-national
Closing gross value	**28**	**505**	**1,446**	**155**	**1,474**	**660**	**1,405**	**673**
Closing cumulative amortisation		(234)	(1,239)	(117)	(1,239)	(351)	(1,113)	(321)
Closing cumulative long-term impairment	(8)	(128)	(3)		(11)	(128)	(13)	(61)
Amortisation and reserves	**(8)**	**(362)**	**(1,242)**	**(117)**	**(1,250)**	**(479)**	**(1,126)**	**(382)**
Net book value	**20**	**143**	**204**	**38**	**224**	**181**	**279**	**291**

NOTE 4 – INVESTMENT PROPERTY, EXCLUDING UNIT-LINKED INVESTMENTS

In millions of euros	31.12.2013			31.12.2012		
	Property	SCI units or shares	Total	Property	SCI units or shares	Total
Opening gross value	**1,465**	**221**	**1,686**	**1,633**	**350**	**1,983**
Acquisitions	25	9	34	15	10	25
Change in scope of consolidation				(124)	(106)	(230)
Subsequent expenditure						
Assets capitalised in the year	7		7	14		14
Transfer from/to unit-linked property						
Transfer from/to operating property	18	15	33	110		110
Foreign exchange adjustments	(1)		(1)	1		1
Outward reinsurance	(84)	(13)	(97)	(159)	(33)	(192)
Other				(25)		(25)
Closing gross value	**1,430**	**232**	**1,662**	**1,465**	**221**	**1,686**
Opening cumulative amortisation	**(329)**		**(329)**	**(373)**		**(373)**
Increase	(25)		(25)	(38)		(38)
Change in scope of consolidation				26		26
Transfer from/to unit-linked property						
Transfer from/to operating property				(16)		(16)
Decrease	19		19	49		49
Other				23		23
Closing cumulative amortisation	**(335)**		**(335)**	**(329)**		**(329)**
Opening cumulative long-term impairment	**(8)**	**(1)**	**(10)**	**(6)**	**(2)**	**(9)**
Long-term impairment recognised	(4)		(4)	(5)		(5)
Change in scope of consolidation						
Transfer from/to operating property		(4)	(4)			
Long-term impairment write-backs				3	1	4
Closing cumulative long-term impairment	**(12)**	**(5)**	**(18)**	**(8)**	**(1)**	**(10)**
Opening net value	**1,128**	**220**	**1,348**	**1,254**	**348**	**1,602**
Closing net value	**1,083**	**227**	**1,310**	**1,128**	**220**	**1,348**
Closing fair value of investment properties	**2,567**	**405**	**2,972**	**2,633**	**373**	**3,006**
Unrealised capital gains	**1,484**	**178**	**1,662**	**1,505**	**153**	**1,658**

Recall that the changes in scope of consolidation as at 31 December 2012 corresponded to the disposal of businesses both in France (Gan Eurocourtage) and abroad (Spain) as well as the disposal of two OPCIs [real estate mutual funds].

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 capital gains accruing to the Group, including property operating activities (see Note 5), amounted to €635 million as at 31 December 2013 (net of profit sharing and tax), compared with €652 million as at 31 December 2012.
The table also shows properties under leasing contracts for an amount at the net book value of €37 million as at 31 December 2013, compared with €39 million as at 31 December 2012. The fair value of these properties is estimated at €51 million (i.e., unrealised capital gains of €14 million as at 31 December 2013, compared with €13 million as at 31 December 2012).

In accordance with the hierarchy of fair value defined in IFRS 13, the fair value of the investment property is classified in level 2 for €2,403 million and in level 3 for €569 million. The investment property classified in level 2 mainly corresponds to buildings located in Paris or in the Paris region for which the fair value is based on observable data.

NOTE 4.1 – INVESTMENT PROPERTY – BY OPERATING SEGMENT

In millions of euros	31.12.2013						31.12.2012					
	Property			SCI units or shares			Property			SCI units or shares		
	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	1,374	57	1,430	233		233	1,396	69	1,466	221		221
Cumulative amortisation	(318)	(17)	(335)				(312)	(17)	(328)			
Long-term impairment	(4)	(8)	(12)	(6)		(6)	(3)	(5)	(8)	(1)		(1)
Closing net value	**1,051**	**32**	**1,083**	**227**		**227**	**1,082**	**47**	**1,129**	**220**		**220**
Closing fair value of investment properties	**2,511**	**56**	**2,567**	**405**		**405**	**2,551**	**82**	**2,633**	**372**		**372**
Unrealised capital gains	**1,459**	**24**	**1,483**	**178**		**178**	**1,470**	**35**	**1,505**	**153**		**153**

NOTE 4.2 – INVESTMENT PROPERTY BY BUSINESS

NOTE 4.2.1 – INVESTMENT PROPERTY BY BUSINESS – FRANCE

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

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

NOTE 4.2.2 – INVESTMENT PROPERTY BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2013					
	Property			SCI units or shares		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	33	23	57			
Cumulative amortisation	(11)	(5)	(17)			
Long-term impairment	(5)	(3)	8			
Closing net value	**18**	**15**	**32**			
Closing fair value of investment properties	**29**	**27**	**56**			
Unrealised capital gains	**12**	**12**	**24**			

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

NOTE 5 - OPERATING PROPERTY

In millions of euros	31.12.2013			31.12.2012		
	Property	SCI units or shares	Total	Property	SCI units or shares	Total
Opening gross value	**1,309**	**94**	**1,403**	**1,533**	**85**	**1,616**
Acquisitions	71	3	74	16	12	28
Change in scope of consolidation				(71)		(71)
Assets capitalised in the year	3		3	5		5
Transfer from/to investment property	(18)	(15)	(33)	(110)		(110)
Foreign exchange adjustments	(1)		(1)	1		1
Outward reinsurance	(8)	(3)	(11)	(9)	(7)	(16)
Other				(56)	4	(52)
Closing gross value	**1,356**	**79**	**1,435**	**1,309**	**94**	**1,403**
Opening cumulative amortisation	**(299)**		**(299)**	**(352)**		**(352)**
Increase	(34)		(34)	(31)		(31)
Change in scope of consolidation				12		12
Transfer from/to investment property	1		1	16		16
Decrease	3		3	8		8
Other				48		48
Closing cumulative amortisation	**(329)**		**(329)**	**(299)**		**(299)**
Opening cumulative long-term impairment	**(4)**	**(6)**	**(10)**	**(5)**	**(5)**	**(10)**
Long-term impairment recognised					(1)	(1)
Change in scope of consolidation						
Transfer from/to investment property		4	4			
Long-term impairment write-backs				1		1
Closing cumulative long-term impairment	**(4)**	**(2)**	**(6)**	**(4)**	**(6)**	**(10)**
Opening net value	**1,006**	**88**	**1,094**	**1,176**	**80**	**1,256**
Closing net value	**1,023**	**77**	**1,100**	**1,006**	**88**	**1,094**
Closing fair value of operating properties	**1,326**	**121**	**1,447**	**1,322**	**129**	**1,451**
Unrealised capital gains	**303**	**44**	**347**	**315**	**41**	**356**

Recall that the changes in scope of consolidation as at 31 December 2012 corresponded to the disposal of businesses both in France (Gan Eurocourtage) and abroad (Spain).

NOTE 5.1 – OPERATING PROPERTY – BY OPERATING SEGMENT

In millions of euros	31.12.2013						31.12.2012					
	Property			SCI units or shares			Property			SCI units or shares		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross value	1,241	114	1,355	79		79	1,245	64	1,309	94		94
Cumulative amortisation	(321)	(8)	(329)				(290)	(8)	(299)			
Long-term impairment	(3)		(4)	(3)		(3)	(3)		(4)	(7)		(7)
Closing net value	**917**	**106**	**1,023**	**76**		**76**	**952**	**56**	**1,007**	**88**		**88**
Closing fair value of operating properties	**1,221**	**105**	**1,326**	**121**		**121**	**1,256**	**65**	**1,322**	**129**		**129**
Unrealised capital gains	**304**	**(1)**	**303**	**44**		**44**	**305**	**10**	**315**	**42**		**42**

NOTE 5.2 – OPERATING PROPERTY BY BUSINESS

NOTE 5.2.1 - OPERATING PROPERTY BY BUSINESS – FRANCE

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

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

NOTE 5.2.2 – OPERATING PROPERTY BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2013					
	Property			SCI units or shares		
	L&H	P&C	Total	L&H	P&C	Total
Gross value	49	66	114			
Cumulative amortisation	(3)	(5)	(8)			
Long-term impairment						
Closing net value	**45**	**60**	**106**			
Closing fair value of operating properties	**46**	**59**	**105**			
Unrealised capital gains	**1**	**(1)**	**(1)**			

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

NOTE 6 – FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS

In millions of euros	31.12.2013	31.12.2012
	Net value	Net value
Assets valued at fair value	66,183	70,163
Assets valued at amortised cost	1,426	977
Total financial investments excluding unit-linked items	**67,609**	**71,141**

Total financial investments (excluding real estate, unit-linked items, and derivatives) as at 31 December 2013 were €67,609 million and marked a decrease of €3,532 million versus 31 December 2012. This decline is explained in large part by a very significant decrease in bond repurchase activity.

NOTE 6.1 – INVESTMENTS VALUED AT FAIR VALUE BY OPERATING SEGMENT

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

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

As at 31 December 2013, capital gains and losses that were unrealised but recognised for accounting purposes through equity (revaluation reserves) as investment assets available-for-sale and through income as trading investment assets were €2,881 million and €185 million, respectively, compared with €3,087 million and €140 million as at 31 December 2012.

The group has greatly reduced its bond repurchase activity. As at 31 December 2013, the amount in question was €1,775 million compared with €5,091 million as at 31 December 2012. The cash from these repurchase agreements is invested in specific funds held directly.

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

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

NOTE 6.2 – INVESTMENTS VALUED AT FAIR VALUE BY BUSINESS

NOTE 6.2.1 – INVESTMENTS VALUED AT FAIR VALUE BY BUSINESS – FRANCE

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

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

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

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

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

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

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

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

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

NOTE 6.3 – INVESTMENTS VALUED AT FAIR VALUE BY TYPE

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

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

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

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

NOTE 6.4 – INVESTMENTS VALUED AT AMORTISED COST IN NET VALUE

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Loans	151	67	218	138	76	214
Deposits	924	30	954	539	68	607
Other	254		254	156		156
Total assets valued at amortised cost	**1,329**	**97**	**1,426**	**833**	**144**	**977**

NOTE 6.5 – RESERVES FOR IMPAIRMENT ON INVESTMENTS

In millions of euros	31.12.2013			31.12.2012		
	Gross	Reserves	Net	Gross	Reserves	Net
Available-for-sale assets						
Equities and other variable-income investments	5,522	(1,274)	4,248	7,123	(2,092)	5,031
Bonds and other fixed-income investments	48,267	(17)	48,250	44,547	(23)	44,524
Other investments	41		41	19		19
Total available-for-sale assets	**53,830**	**(1,291)**	**52,539**	**51,689**	**(2,115)**	**49,574**
Financial investments valued at amortised cost	1,430	(4)	1,426	981	(4)	977
Financial investments valued at amortised cost	**1,430**	**(4)**	**1,426**	**981**	**(4)**	**977**

The reserves for long-term impairment on investments valued at fair value amounted to €1,291 million as at 31 December 2013, compared with €2,115 million as at 31 December 2012. In total, impairment on insurance financial assets valued at fair value accounted for 1.95%. The change in reserves from one fiscal year to another resulted from a write-back of the reserve on disposed securities for €851 million, particularly on strategic securities, and an allocation of €27 million, including €12 million on securities previously covered by reserves and €15 million on securities for which an objective indication of impairment was observed.

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

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

Regarding the sovereign debts of peripheral countries of the eurozone (Ireland, Italy, Spain, and Portugal) and Hungary, the Group noted that some issuing countries were the subject of a reduction of their rating or even a rescue package from the International Monetary Fund. However, it should be emphasised that to date:

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

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

Regarding equities, the reserve for impairment includes impairment on strategic securities for €1,010 million.

NOTE 6.6 – FINANCIAL INVESTMENTS – BY CURRENCY

In millions of euros	31.12.2013					
	Euro	Dollar	Pounds	Yen	Other	Total
Available-for-sale assets						
Equities and other variable-income investments	4,130	536	16	1	389	5,073
Bonds and other fixed-income investments	49,551		268	12	475	50,306
Other investments	41					41
Total available-for-sale assets	**53,721**	**536**	**284**	**13**	**864**	**55,420**
Assets held for trading						
Equities and other variable-income investments classified as “trading”	37					37
Equities and other variable-income investments classified as “held for trading”	822	1				823
Bonds and other fixed-income investments classified as “trading”	176					176
Bonds and other fixed-income investments classified as “held for trading”	2,103				27	2,131
Cash UCITS classified as “trading”	6,527					6,527
Cash UCITS classified as “held for trading”	1,066					1,066
Other investments classified as “trading”						
Other investments classified as “held for trading”	3					3
Total assets held for trading	**10,735**	**1**	**0**	**0**	**27**	**10,763**
Loans and receivables						
Loans	217				1	218
Deposits	929				24	954
Other investments	254					254
Total loans and receivables	**1,400**				**25**	**1,425**
Total financial investments (net of derivatives and unit-linked items)	**65,857**	**537**	**284**	**13**	**917**	**67,609**

The amounts indicated above do not take account of the foreign exchange risk hedges put in place in 2013 (forward sales or foreign currency swaps).

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

NOTE 6.7 – BREAKDOWN OF LISTED INVESTMENTS

In millions of euros	31.12.2013	31.12.2012
Equities	2,747	3,233
Shares in fixed-income UCITS	4,074	3,900
Shares in other UCITS	2,878	3,004
Cash UCITS	7,593	13,790
Bonds and other fixed-income securities	48,390	45,729
Total listed investments	**65,683**	**69,656**

As at 31 December 2013, total long-term impairment reserves for listed investments valued at fair value were €1,177 million, compared with €2,014 million as at 31 December 2012.

NOTE 6.8 – BREAKDOWN OF UNLISTED INVESTMENTS

In millions of euros	31.12.2013	31.12.2012
Equities at fair value	308	346
Bonds and other fixed-income securities at fair value	149	139
Other investments at fair value	43	22
Loans at amortised cost	218	214
Other investments at amortised cost	1,208	763
Total unlisted investments	**1,927**	**1,486**

As at 31 December 2013, total long-term impairment reserves for unlisted investments valued at fair value were €114 million, compared with €101 million as at 31 December 2012.

NOTE 6.9 – SIGNIFICANT INVESTMENTS IN NON-CONSOLIDATED COMPANIES

In millions of euros	31.12.2013				31.12.2012			
	% interest	Acquisition cost net of impairment	Fair value	Revaluation reserve (before profit sharing and tax) [1]	% interest	Acquisition cost net of impairment	Fair value	Revaluation reserve (before profit sharing and tax) [1]
Société Générale					2.49%	341	548	207
Veolia Environnement	5.20%	245	335	90	5.51%	243	260	17
Saint Gobain	1.83%	442	407	(35)	1.92%	441	325	(116)
Eiffage					6.91%	113	203	90
French companies		**687**	**742**	**55**		**1,138**	**1,336**	**198**
Mediobanca	4.93%	147	269	122	4.93%	147	198	51
OTP Bank	8.30%	261	317	79	8.28%	262	331	93
Foreign companies		**408**	**586**	**201**		**409**	**529**	**144**
Total significant investments in non-consolidated companies		**1,095**	**1,328**	**256**		**1,547**	**1,865**	**342**

[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 fiscal year 2013, the Group continued its equity derisking policy with the partial disposal of its Véolia Environnement securities and the disposals of all of its Société Générale and Eiffage securities. In accordance with IAS 39, these disposals gave rise to a write-back of reserves for a total of €602 million.

The reserve for impairment on strategic securities amounted to €1,010 million as at 31 December 2013.

NOTE 6.10 – BREAKDOWN OF THE BOND PORTFOLIO

At the end of December 2013, based on market values, the proportion of bonds instruments was 78% of total financial investments excluding unit-linked items, 74% of which was classified as "available-for-sale assets" and 4% as "assets held for trading".

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

NOTE 6.10.1 –BOND PORTFOLIO- BY RATE

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

In millions of euros	31.12.2013			31.12.2012		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
Available-for-sale	46,452	1,531	47,983	43,333	2,090	45,423
classified as "trading"	13		13	3	3	6
Classified as "held for trading"	269	124	393	129	172	301
Total listed bonds	**46,734**	**1,655**	**48,390**	**43,465**	**2,265**	**45,730**
Unlisted bonds						
Available-for-sale	82	41	123	82	48	130
classified as "trading"						
Classified as "held for trading"	6	20	26	8	1	9
Total unlisted bonds	**88**	**61**	**149**	**90**	**49**	**139**
Total bond portfolio	**46,822**	**1,716**	**48,539**	**43,555**	**2,314**	**45,869**

NOTE 6.10.2 – BOND PORTFOLIO – BY MATURITY

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

In millions of euros	31.12.2013				31.12.2012			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Listed bonds								
Available-for-sale	1,969	9,947	36,068	47,983	2,254	8,422	34,747	45,423
Classified as "trading"		3	10	13	2		4	6
Classified as "held for trading"	111	73	209	393	63	76	162	301
Total listed bonds	**2,080**	**10,022**	**36,287**	**48,390**	**2,319**	**8,498**	**34,913**	**45,730**
Unlisted bonds								
Available-for-sale	4	26	93	123	15	26	89	130
Classified as "trading"								
Classified as "held for trading"	1	2	24	26	1	4	4	9
Total unlisted bonds	**5**	**28**	**117**	**149**	**16**	**30**	**93**	**139**
Total bond portfolio	**2,085**	**10,050**	**36,404**	**48,539**	**2,335**	**8,528**	**35,006**	**45,869**

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 2013 by the three main agencies (S&P, Moody's and Fitch Ratings) for Group bonds.

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

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

NOTE 6.10.4 – BOND PORTFOLIO – BY TYPE OF BOND ISSUER

In millions of euros	31.12.2013	31.12.2012
Bonds issued by EU Member States	29,828	25,425
Bonds issued by States outside the EU	158	160
Bonds from public and semi-public sectors	3,633	4,168
Corporate Bonds	14,332	15,706
Other bonds (including bond funds)	588	410
Total bond portfolio	**48,539**	**45,869**

NOTE 6.11 – DEBT SECURITIES OF PERIPHERAL COUNTRIES OF THE EUROZONE

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

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

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

As indicated in Note 6.5, the Group feels that there is no proven risk of impairment on the sovereign debt securities of peripheral countries of the eurozone (Ireland, Italy, Spain, and Portugal) and that, therefore, there is no reason to establish an impairment for these securities. As at 31 December 2013, the exposure to sovereign debt securities of peripheral countries of the eurozone includes securities held directly and the ensured transparency of only consolidated UCITS from now on. Unrealised gains on these securities totalled €33 million (net of taxes and profit sharing).

Note that the exposure presented as at 31 December 2012 incorporated the exposure to sovereign debt securities of peripheral countries of the eurozone held by non-consolidated UCITS funds and that this exposure was not material as at 31 December 2012.

All sovereign debt securities of peripheral countries of the eurozone are classified as level 1 in the hierarchy of fair value under IFRS 7, as these securities are listed on an active market for which the prices are easily and regularly available.

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

In addition, the exposure level on Hungary is approximately €253 million, mainly held by the Hungarian subsidiary.

The maturity of sovereign debt securities of peripheral countries of the eurozone is as follows:

In millions of euros	31.12.2013				
	< 3 years	3 to 7 years	7 to 10 years	> 10 years	Total
Spain	202	185	19	2,267	2,673
Greece					
Ireland	3	18	1		22
Italy	417	1,394	1,263	4,653	7,727
Portugal	6	21	262	98	387
Total	**628**	**1,618**	**1,545**	**7,018**	**10,809**

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

In millions of euros	31.12.2013					
	Spain	Greece	Ireland	Italy	Portugal	Total
Opening sovereign debt securities	**2,398**		**54**	**7,126**	**820**	**10,399**
Change in the unrealised capital gains/losses	253		1	285	65	604
Change in scope of consolidation						
Acquisitions	17		2	1,319	3	1,341
Disposals/Redemptions	(2)		(35)	(1,306)	(501)	(1,844)
Foreign exchange adjustments						
Closing sovereign debt securities	**2,666**	**0**	**22**	**7,424**	**387**	**10,500**

To date, the consolidated UCITS funds hold €310 million in sovereign debt securities of peripheral countries of the eurozone, including €7 million in Spanish sovereign debt and €303 million in Italian sovereign debt.

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

In millions of euros	31.12.2013					
	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair Value	Gross unrealised capital gains/losses	Unrealised capital gains/losses net of profit sharing and corporate income tax
Spain	644		644	692	48	6
Greece			0			
Ireland	51		51	52	1	1
Italy	921		921	957	36	9
Portugal	40		40	40		
Total	**1,656**		**1,656**	**1,741**	**85**	**16**

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

The balance sheet value of the Group's investments in bonds issued by companies, banks, local authorities and para-governmental organisations located in peripheral countries of the eurozone (mainly Spain and Italy) was €1,741 million as at 31 December 2013. These securities present an unrealised capital gain net of taxes and profit sharing of €16 million.

As at 31 December 2013, the exposure to non-sovereign debt securities of peripheral countries of the eurozone includes securities held directly and the ensured transparency of only consolidated UCITS from now on.

Note that the exposure presented as at 31 December 2012 incorporated the exposure to non-sovereign debt securities of peripheral countries of the eurozone held by non-consolidated UCITS funds and that this exposure was not material as at 31 December 2012.

NOTE 6.12 – HIERARCHY OF FAIR VALUE

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

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

A financial instrument is considered to be listed on an active market if prices are easily and regularly available from a stock exchange, broker, trader, business sector, or price valuation service and if these prices represent real transactions properly carried out on the market under conditions of normal competition.

Determination of whether a market is active is particularly based on indicators such as the significant decrease in the volume of transactions and the level of activity on the market, high dispersion of prices available over time and between the various market participants, or the fact that the prices no longer correspond to sufficiently recent transactions.

in millions of euros	31.12.2013				31.12.2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
Equities and other variable-income investments	4,716	90	266	5,072	5,231	87	309	5,627
Bonds and other fixed-income investments	49,377	736	194	50,307	45,907	984	124	47,015
Other investments	36	3	2	41	10		9	19
Total available-for-sale assets	**54,129**	**829**	**462**	**55,420**	**51,148**	**1,071**	**442**	**52,661**
Assets held for trading								
Equities and other variable-income investments classified as “trading” or “held for trading”	283		577	860	350		607	957
Bonds and other fixed-income investments classified as “trading” or “held for trading”	2,129	48	130	2,307	2,610	41	102	2,753
Cash UCITS classified as “trading” or “held for trading”	7,593			7,593	13,790			13,790
Other investments			2	2			2	2
Total assets held for trading	**10,005**	**48**	**709**	**10,762**	**16,750**	**41**	**711**	**17,502**
Subtotal of financial investments excluding unit-linked items	**64,134**	**877**	**1,171**	**66,182**	**67,898**	**1,112**	**1,153**	**70,163**
Investments in unit-linked policies	**3,479**	**106**	**1,731**	**5,316**	**3,188**	**104**	**667**	**3,959**
Derivatives assets and liabilities		**(262)**	**(1)**	**(263)**		**(348)**	**(1)**	**(349)**
Total financial assets and liabilities valued at fair value	**67,613**	**721**	**2,901**	**71,235**	**71,086**	**868**	**1,819**	**73,773**

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

Derivative instruments posted to assets totalled €280 million, and derivative instruments posted to liabilities on the balance sheet totalled €543 million as at 31 December 2013. These instruments are mainly classified in level 2.

Concerning level 3 investments:

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

Beyond the financial assets and liabilities described in the table, the Group recorded fair-value financial contracts without discretionary profit sharing in its technical liabilities. This amount totals €51 million as at 31 December 2013, compared with €43 million as at 31 December 2012.

In millions of euros	31.12.2013								
	Available-for-sale assets			Assets held for trading				Invest-ments in unit-linked policies	Deriva-tives assets and liabilities
	Equities	Bonds	Other invest-ments	Equities	Bonds	Cash UCITS	Other invest-ments		
Level 3 opening amount	**309**	**124**	**9**	**607**	**102**		**2**	**667**	**(1)**
Change in the unrealised capital gains/losses recognised in:									
- income	(11)	1		41	(1)			95	
- gains and losses recognised directly in shareholders' equity		17							
Transfer to level 3		49	(3)	18				408	
Transfer outside of level 3	(1)				(18)				
Reclassification to loans and receivables	(2)								
Change in scope of consolidation	(3)								
Acquisitions	3	70		95	78			641	
Disposals/Redemptions	(24)	(67)	(4)	(184)	(31)			(75)	
Foreign exchange adjustments	(5)							(5)	
Level 3 closing amount	**266**	**194**	**2**	**577**	**130**		**2**	**1,731**	**(1)**

NOTE 7 - INVESTMENTS REPRESENTING COMMITMENTS IN UNIT-LINKED INVESTMENTS

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Variable-income and similar securities		3	3		5	5
Bonds	1,174	648	1,822	561	738	1,299
Equity UCITS units	3,120	69	3,190	2,354	55	2,409
Bond and other UCITS units	71	51	123	53	40	92
Other investments		74	74		51	51
Subtotal of unit-linked financial investments	**4,366**	**846**	**5,212**	**2,968**	**888**	**3,856**
Unit-linked investment property	104		104	102		102
Subtotal of unit-linked investment property	**104**		**104**	**102**		**102**
Total	**4,470**	**846**	**5,316**	**3,070**	**888**	**3,958**

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

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

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

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

As at 31 December 2013, the Group uses various derivatives:

- swaps indexed to a variable rate primarily for macro-protection of the bond portfolio against an increase in rates;
- currency or inflation-indexed swaps. This strategy economically involves investing in a fixed-rate bond in euros;
- Currency risk hedging;
- synthetic exposure to the credit risk of private issuers through option strategies;
- and equity risk hedging through index option purchases.

These derivatives are not documented as hedging operations under IAS 39. In accordance with the principles set out in 3.3, these instruments are valued at fair value on the balance sheet with an offset to profit or loss.

Consideration of the counterparty's risk of default in determining the fair value of financial instruments, in accordance with IFRS 13, has no significant impact on the fair value of derivatives because of the collateralisation system put in place by the group.

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

NOTE 9.1 – USES OF FUNDS FOR BANKING SECTOR ACTIVITIES

In millions of euros	31.12.2013			31.12.2012		
	Gross value	Reserves	Net value	Gross value	Reserves	Net value
Cash, central banks, postal accounts	275		275	219		219
Financial assets at fair value through income	73		73	58		58
Hedging derivatives						
Available-for-sale financial assets	400		400	912		912
Loans and receivables from credit institutions	228		228	277		277
Loans and receivables on customers	1,640	(26)	1,613	1,551	(27)	1,524
Revaluation difference of interest rate hedged portfolios	5		5	7		7
Held-to-maturity financial assets	670		670	489		489
Investment property						
Total	**3,291**	**(26)**	**3,265**	**3,513**	**(27)**	**3,487**

NOTE 9.2 – SOURCES OF FUNDS FOR BANKING SECTOR ACTIVITIES

In millions of euros	31.12.2013	31.12.2012
Central banks, postal accounts		
Financial liabilities at fair value through income	5	19
Hedging derivatives	5	7
Debts to credit institutions	128	372
Debts to customers	2,307	2,656
Debts represented by securities	415	65
Revaluation difference of interest rate hedged portfolios		
Total	**2,861**	**3,120**

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

- The vitality of commercial banking contributed to the changes in “Customer Loans and Receivables”, particularly with the growth in housing loans.
- Over fiscal year 2013, the bank’s liquid assets were down, with a sharp decline in “Debts to customers” because of a reduction in the cash contributed by the Group’s companies. This decrease was offset by an increase in “Debts represented by securities” following issues of securities. At the same time, the Group reduced its borrowing with the European Central Bank, which resulted in a decrease in “Debt owed to credit institutions”.
- A change in the investment strategy led to in a change in the asset management intention, resulting in a sharp decline in the portfolio of financial assets available for sale, offset by an increase in investments held to maturity.

NOTE 10 – INVESTMENTS IN RELATED COMPANIES

In millions of euros	31.12.2013		31.12.2012	
	Equivalent value	Share of income (loss)	Equivalent value	Share of income (loss)
Bollington		(1)		
Günes Sigorta	31	(13)	45	3
CEGID	71	3	71	6
La Banque Postale IARD	74	(7)	80	(8)
STAR	76	2	82	4
GROUPAMA - AVIC Property Insurance Co.	70	5	29	2
HOLDCO	731	1	730	(11)
Total	**1,053**	**(10)**	**1,039**	**(5)**

NOTE 10.1 – KEY DATA

In millions of euros	2013				2012			
	Premium income	Net income	Total assets	Share-holders' equity	Premium income	Net income	Total assets	Share-holders' equity
Bollington	17	(1)	36	0				
Günes Sigorta (1)	389	(27)	410	114	394	9	nc	126
CEGID (2)	268	17	366	189	258	nc	nc	nc
La Banque Postale IARD	131	(19)	278	25	74	(21)	173	44
STAR (2)	121	9	364	111	nc	8	361	115
Groupama - AVIC Property Insurance Co.	184	5	139	275	60	3	121	59
HOLDCO (real estate company) (2)	1,593	5	11,516	2,934	1,673	(44)	11,880	2,930

nc: not communicated - (1) premium income: actual data; other data are estimated - (2) estimated data

Bollington, a subsidiary of GUK Broking Services, is now consolidated under the equity method as from 1 January 2013 following the disposal of the 51% stake held by GUK Broking Services in March 2013.

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

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	22	30	52	32	32	64
Outstanding claims reserves	865	224	1,089	935	216	1,150
Other technical reserves	184	4	188	174	5	179
Total	**1,070**	**258**	**1,329**	**1,141**	**252**	**1,393**
Share of reinsurers in life insurance reserves						
Life insurance reserves	6,941	3	6,944	12	3	15
Outstanding claims reserves	114	4	118	12	3	15
Profit-sharing reserves	19		19	19		19
Other technical reserves						
Total	**7,074**	**7**	**7,081**	**43**	**6**	**49**
Share of reinsurers in financial contract reserves						
Total	**8,144**	**265**	**8,410**	**1,184**	**258**	**1,441**

The increase in France in the share of reinsurers in the life assurance reserves relative to the previous year is explained by the establishment of a proportional reinsurance treaty with a term of three years.

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

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Share of reinsurers in claims reserves at opening	**935**	**215**	**1,150**	**663**	**167**	**830**
Portfolio transfer/changes in scope of consolidation	(1)	1	0	(149)	(54)	(203)
Share of reinsurers in total claims expense	343	132	475	764	222	986
Share of reinsurers in total payments	(412)	(118)	530	(345)	(121)	(465)
Foreign exchange variation		(7)	(7)		1	1
Share of reinsurers in claims reserves at closing	**865**	**224**	**1,089**	**935**	**215**	**1,150**

NOTE 12 – OTHER PROPERTY, PLANT AND EQUIPMENT

NOTE 12.1 – CHANGE IN OTHER PROPERTY, PLANT AND EQUIPMENT

In millions of euros	31.12.2013			31.12.2012		
	Other property, plant and equipment	Other long-term operating assets	Total	Other property, plant and equipment	Other long-term operating assets	Total
Opening gross value	**771**	**58**	**829**	**818**	**58**	**876**
Acquisitions	48	1	49	42	1	43
Change in scope of consolidation	2		2	(72)		(72)
Assets capitalised in the year	3		3	7		7
Foreign exchange adjustments	(3)		(3)	2		2
Outward reinsurance	(78)	(4)	(82)	(26)	(1)	(27)
Closing gross value	**743**	**55**	**798**	**771**	**58**	**829**
Opening cumulative amortisation	**(538)**		**(538)**	**(549)**		**(549)**
Increase	(55)		(55)	(62)		(62)
Change in scope of consolidation	(2)		(2)	51		51
Foreign exchange adjustments	3		3	(1)		(1)
Decrease	53		53	23		23
Closing cumulative amortisation	**(539)**		**(539)**	**(538)**		**(538)**
Opening cumulative long-term impairment	**(4)**	**(2)**	**(5)**	**(4)**	**(2)**	**(5)**
Long-term impairment recognised	(3)		(3)			
Change in scope of consolidation						
Foreign exchange adjustments						
Long-term impairment write-backs		1	1			
Closing cumulative long-term impairment	**(7)**	**(1)**	**(7)**	**(4)**	**(2)**	**(5)**
Opening net value	**229**	**56**	**285**	**265**	**56**	**321**
Closing net value	**197**	**54**	**251**	**229**	**56**	**285**
Closing fair value of other property, plant, and equipment	**197**	**93**	**290**	**229**	**89**	**318**
Unrealised capital gains	**0**	**39**	**39**	**0**	**33**	**33**

Unrealised capital gains on long-term operating assets primarily include biological assets booked in accordance with IAS 41. These are largely forests.

NOTE 12.2 – OTHER PROPERTY, PLANT AND EQUIPMENT – BY OPERATING SEGMENT

In millions of euros	31.12.2013						31.12.2012					
	Other property, plant and equipment			Other long-term operating assets			Other property, plant and equipment			Other long-term operating assets		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross value	634	109	743	55		55	649	121	771	58		58
Cumulative amortisation	(453)	(86)	(539)				(441)	(96)	(537)			
Long-term impairment	(7)		(7)	(1)		(1)	(3)		(3)	(2)		(2)
Closing net value	**174**	**23**	**197**	**53**		**53**	**205**	**25**	**230**	**56**		**56**
Closing fair value	**174**	**23**	**197**	**93**		**93**	**204**	**25**	**229**	**89**		**89**
UNREALISED CAPITAL GAINS	**0**	**0**	**0**	**40**		**40**	**0**	**0**	**0**	**33**		**33**

NOTE 13 – DEFERRED ACQUISITION COSTS

In millions of euros	31.12.2013			31.12.2012		
	Gross	Deferred profit sharing	Net	Gross	Deferred profit sharing	Net
Non-life insurance policies	147		147	147		147
Life insurance policies and financial contracts with discretionary profit sharing	74	(3)	71	159	(8)	152
France	**221**	**(3)**	**218**	**307**	**(8)**	**299**
Non-life insurance policies	59		59	66		66
Life insurance policies and financial contracts with discretionary profit sharing	19	(2)	17	20	(2)	18
International	**78**	**(2)**	**76**	**86**	**(2)**	**84**
Total deferred acquisition costs	**299**	**(4)**	**294**	**392**	**(9)**	**383**

NOTE 14 – DEFERRED PROFIT SHARING

NOTE 14.1 – DEFERRED PROFIT SHARING ASSETS

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Deferred profit-sharing assets				75		75
Total	**0**		**0**	**75**		**75**

NOTE 14.2 – DEFERRED PROFIT SHARING LIABILITIES

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Reserve for deferred profit sharing of insurance policies	281	47	328	199	5	204
Reserve for deferred profit sharing of financial contracts						
Total	**281**	**47**	**328**	**199**	**5**	**204**

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

The rates of deferred profit sharing used in France as at 31 December 2013 fall within a bracket of between 78.11% and 90.79%, with 90.79% for Groupama Gan Vie.

NOTE 15 – DEFERRED TAXES

NOTE 15.1 – DEFERRED TAX ASSETS – BY OPERATING SEGMENT

In millions of euros	31.12.2013			31.12.2012
	France	International	Total	Total
Deferred tax assets	411	18	429	330
Total	**411**	**18**	**429**	**330**

NOTE 15.2 – DEFERRED TAX LIABILITIES – BY OPERATING SEGMENT

In millions of euros	31.12.2013			31.12.2012
	France	International	Total	Total
Deferred tax liabilities	347	28	375	561
Total	**347**	**28**	**375**	**561**

NOTE 15.3 – ANALYSIS OF THE MAJOR COMPONENTS OF DEFERRED TAXES

In millions of euros	31.12.2013	31.12.2012
Deferred taxes resulting from timing differences		
Restatements on AFS & Trading financial instruments (net of deferred profit sharing)	(390)	(624)
Life acquisition costs and overall management expenses reserve	(49)	(72)
Consolidation restatements on technical reserves	(238)	(263)
Other differences on consolidation restatements	121	100
Deferred non-life acquisition costs	(47)	(47)
Tax differences on technical reserves and other contingent liabilities	473	486
Tax-deferred capital gains	(3)	(3)
Valuation difference on UCITS	96	56
Foreign exchange hedge	10	22
Other temporary tax differences	19	6
Subtotal of deferred taxes resulting from timing differences	**(8)**	**(340)**
Deferred taxes on ordinary losses	**62**	**108**
Deferred taxes recorded on the balance sheet	**54**	**(231)**
of which, assets	429	330
of which, liabilities	(375)	(561)

The Group's combined financial statements show total deferred tax assets of €54 million. These deferred tax assets may be broken down as follows:

- a deferred tax asset of €429 million as at 31 December 2013 compared with €330 million as at 31 December 2012, or an increase of €99 million.

- a deferred tax liability of €375 million as at 31 December 2013 compared with €561 million as at 31 December 2012, or a decrease of €186 million.

Deferred tax assets from ordinary losses amounted to €62 million as at 31 December 2013 compared with €108 million as at 31 December 2012, or a decrease of €46 million following the use of the stock of loss by the tax consolidation group on the 2013 tax. The stocks of deferred taxes have not been corrected for the extraordinary contribution of 10.7%, which applied to taxable income for fiscal year 2013 and 5% on taxable income for fiscal year 2012 for companies with turnover exceeding €250 million (cf. 2012 amending finance act for the 5% rate and 2013 amending finance act for the 10.7% rate).

Unrecognised net assets amounted to €101 million as at 31 December 2013 compared with €99 million as at 31 December 2012.

The recoverability of the tax asset in France, i.e. €64 million, will be realised in the next two years, given the business plan's projections.

NOTE 16 – RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE TRANSACTIONS

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

In millions of euros	31.12.2013							31.12.2012
	France			International			Total	Total
	Gross value	Reserves	Net value	Gross value	Reserves	Net value		
Earned premiums not written	759		759	19		19	778	747
Policyholders, intermediaries, and other third parties	1,267	(24)	1,243	477	(80)	397	1,640	1,636
Current accounts – co-insurers and other third parties	67		66	44	(24)	20	86	63
Current accounts – ceding and retroceding companies	231		231	5	(1)	4	235	231
Total	**2,324**	**(24)**	**2,300**	**545**	**(105)**	**439**	**2,738**	**2,676**

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

In millions of euros	31.12.2013				31.12.2012			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Earned premiums not written	781	(3)		778	750	(4)		747
Policyholders, intermediaries, and other third parties	1,613	27		1,640	1,580	55		1,636
Current accounts – co-insurers and other third parties	75	11		86	61	2		63
Current accounts – ceding and retroceding companies	114	78	42	235	214	16	1	231
Total	**2,583**	**113**	**42**	**2,738**	**2,605**	**70**	**1**	**2,676**

NOTE 17 – RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS

In millions of euros	31.12.2013			31.12.2012
	Gross value	Reserves	Net value	Net value
Outward reinsurer and retrocessionaire current accounts	75	(6)	69	118
Other receivables from reinsurance transactions	114	(7)	107	108
Total	**188**	**(13)**	**176**	**226**

NOTE 17.1 - RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS – BY MATURITY

In millions of euros	31.12.2013				31.12.2012			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Outward reinsurer and retrocessionaire current accounts	44	19	5	69	99	20		118
Other receivables from reinsurance transactions	106	1	1	107	90	17	1	108
Total	**150**	**20**	**6**	**176**	**189**	**37**	**1**	**226**

NOTE 18 – CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES

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

In millions of euros	31.12.2013				31.12.2012			
	< 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	286	11		297	214	5		219

"Current tax receivables and other tax receivables" amounted to €297 million as at 31 December 2013 compared with €219 million as at 31 December 2012. It includes corporate tax as well as other government and public authority receivables.

Current tax receivables totalled €52 million as at 31 December 2013, including €48 million for international subsidiaries, versus €30 million at 31 December 2012.

Other tax receivables totalled €245 million as at 31 December 2013, including €57 million for international taxation, versus €189 million at 31 December 2012.

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

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Current tax receivables and other tax receivables	192	105	297	138	81	219

NOTE 19 – OTHER RECEIVABLES

In millions of euros	31.12.2013			31.12.2012
	Gross Values	Reserves	Total	Total
Accrued interest not yet due	790		790	748
Due from employees	28		28	21
Social agencies	21		21	3
Other debtors	1,367	(127)	1,241	1,057
Other receivables	286		286	397
Total	**2,492**	**(127)**	**2,365**	**2,226**

NOTE 19.1 – OTHER RECEIVABLES – BY MATURITY

In millions of euros	31.12.2013				31.12.2012			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Accrued interest not yet due	790			790	748			748
Due from employees	28			28	21			21
Social agencies	21			21	3			3
Other debtors	1,158	56	27	1,241	983	45	29	1,057
Other receivables	286			286	397			397
Total	**2,282**	**56**	**27**	**2,365**	**2,153**	**45**	**29**	**2,226**

NOTE 19.2 – OTHER RECEIVABLES – BY OPERATING SEGMENT

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Accrued interest not yet due	708	82	790	669	79	748
Due from employees	27	1	28	20	1	21
Social agencies	20		21	3		3
Other debtors	1,183	57	1,241	988	69	1,057
Other receivables	262	24	286	350	47	397
Total	**2,200**	**165**	**2,365**	**2,030**	**196**	**2,226**

Note 20 – Cash and cash equivalents

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

In millions of euros	31.12.2013	31.12.2012
France	691	1,477
International	384	456
Total	**1,075**	**1,933**

Cash and cash equivalents primarily represent the balances in the bank accounts of the Group's entities.

Note 20.2 – Cash applied to balance sheet liabilities

In millions of euros	31.12.2013				31.12.2012			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Operating debts to banking sector companies	198			198	338			338
Total	**198**			**198**	**338**			**338**

In millions of euros	31.12.2013			
	Currencies		Rates	
	Eurozone	Outside eurozone	Fixed rate	Variable rate
Operating debts to banking sector companies	198		198	
Total	**198**		**198**	

NOTE 21 – SHAREHOLDERS' EQUITY, MINORITY INTERESTS

NOTE 21.1 – SHARE CAPITAL LIMITS FOR INSURANCE COMPANIES

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

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

NOTE 21.2 – IMPACTS OF TRANSACTIONS WITH MEMBERS

➢ **Changes in the Group's shareholders' equity during fiscal year 2013**

During fiscal year 2013, no transaction occurred that had an effect on shareholders' equity and issue premiums.

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

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

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

Taking into account the conditions specific to the issue and in application of IAS 32 §16 and 17, the loan is considered an equity instrument and not a financial liability. It is therefore recognised under shareholders' equity. Interest costs net of tax are charged directly against shareholders' equity in accordance with IAS 32 §35 (rather than as an expense in the income statement).

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 investment assets and the corresponding reserve in shareholders' equity may be broken down as follows:

In millions of euros	31.12.2013	31.12.2012
Gross unrealised capital gains (losses) on available-for-sale assets	2,881	3,087
of which, unrealised gross capital gains (losses) on AFS assets allocated to life and health insurance	2,136	2,420
of which, unrealised gross capital gains (losses) on AFS assets allocated to property and casualty insurance	745	667
Shadow accounting	(1,602)	(1,870)
Cash flow hedge and other changes	(60)	(60)
Deferred taxes	(288)	(433)
Share of minority interests	(2)	(4)
Revaluation reserve - Group share	**928**	**720**

The deferred tax amount shown in the table above corresponds to the application of a short-term and long-term tax rate on the unrealised capital gains on financial instruments classified as "available-for-sale assets", and a short-term tax rate on deferred profit sharing ("shadow accounting"). Under the new rules for long-term capital gains (losses) applicable as at 1 January 2006, the unrealised capital gains on "strategic" equity interests are exempt for the calculation of the deferred tax up to a maximum percentage of costs and expenses (i.e., an effective rate of 4.13%).

"Cash flow hedge and other changes" for -€60 million is broken down as follows:

- €42 million for the revaluation reserve of the cash flow hedge, which corresponds to the effective portion of the cash flow hedges applied by the Group, which will be recognised in income upon the elimination of the hedged underlying assets;
- €18 million for the net investment hedge revaluation reserve, which will be recognised in income upon the disposal of the foreign subsidiary.

NOTE 22 – CONTINGENT LIABILITIES

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

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

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

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

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

Note that revised IAS 19, applicable since 1 January 2013, has no impact on the accounts of the Group, which has applied the SORIE method since the beginning of the IFRS implementation. The related notes presented below incorporate the changes required by revised IAS 19.

NOTE 23.1 – RESERVE FOR PENSIONS

In millions of euros	31.12.2013			31.12.2012		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Actuarial debt	650	72	722	643	72	715
Fair value of hedging assets	327		327	316		316
Net actuarial debt	**323**	**72**	**395**	**327**	**72**	**399**

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

In millions of euros	31.12.2013			31.12.2012		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Opening actuarial debt	**643**	**72**	**715**	**589**	**66**	**655**
Cost of past services	15	6	21	17	5	23
Interest expense	19	1	21	8	2	10
Revaluations of actuarial debt						
Actuarial differences arising from changes in demographic assumptions	(3)	1	(2)	(7)	(1)	(8)
Actuarial differences arising from changes in financial assumptions	5	(2)	3	59	8	67
Adjustments related to experience	(9)	(2)	(11)	(16)	(9)	(25)
Benefits paid directly by the employer	(13)	(4)	(17)	(9)	(2)	(11)
Benefits paid by hedging assets	(13)		(13)			
Cost of past services and profits/losses on liquidation	4		4			
Change in scope of consolidation				(8)	(5)	(13)
Change in exchange rates	(7)		(7)	7		7
Other	8		8	4	7	11
Closing actuarial debt	**649**	**72**	**722**	**643**	**72**	**715**

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

In millions of euros	31.12.2013			31.12.2012		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Opening fair value of hedging assets	**316**		**316**	**246**		**246**
Interest income	13		13			
Revaluations of hedging assets						
Share of return on hedging assets exceeding the discount rate	16		16			
Changes in the asset capping effect						
Benefits paid	(13)		(13)			
Employer contributions	4		4	13		13
Employee contributions						
Change in scope of consolidation						
Change in exchange rates	(6)		(6)	6		6
Other	(2)		(2)	51		51
Closing fair value of hedging assets	**327**		**327**	**316**		**316**

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

In millions of euros	31.12.2013	31.12.2012
Cost of services:		
Cost of past services	(15)	(17)
Cost of past services and profits/losses on liquidation	(4)	1
Net interest on net actuarial debt	(6)	(8)
Other		(1)
Component of the expense recognised on the income statement	**(25)**	**(25)**
Revaluation of net actuarial debt:		
Share of return on hedging assets not recognised on the income statement	16	
Actuarial differences arising from changes in demographic assumptions	3	7
Actuarial differences arising from changes in financial assumptions	(5)	(59)
Adjustments related to experience	9	16
Changes in the asset capping effect		
Component of the expense recognised in gains and losses recognised directly in shareholders' equity	**23**	**(36)**

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

In millions of euros	31.12.2013	31.12.2012
Equities	168	223
Bonds	131	56
General euro funds	27	22
Other		14
Closing fair value of assets	**326**	**315**

NOTE 23.4 – PRINCIPAL ACTUARIAL ASSUMPTIONS

In millions of euros	31.12.2013				31.12.2012			
	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial debt	353	325	44	722	353	317	45	715
Fair value of hedging assets	26	300	1	327	22	293	1	316
Net actuarial debt	**327**	**25**	**43**	**395**	**331**	**24**	**44**	**399**
Principal actuarial assumptions								
Financial assumptions								
Discount rate	3.00%	4.40%	3.50%		2.75%	4.50%	3.50%	
Yield expected from plan assets	3.00%	4.40%			2.10%	6.37%		
Expected salary/pension increase	1.75%	3.30%	5.50%		1.99%	3.00%	4.26%	
Staff turnover								
- 18 to 34 years	3.67%	NA	NS		4.70%	NA	NS	
- 35 to 44 years	2.44%	NA	NS		2.90%	NA	NS	
- 45 to 54 years	1.18%	NA	NS		0.80%	NA	NS	
- 55 and older	0.00%	NA	NS		0.00%	NA	NS	

The English pension fund operates independently and is managed by a Trustee Board. Its role is to act in the best interests of the beneficiaries, particularly in deciding on the investment and hedging asset management policy.

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

As in 2012, the discount rate used at 31 December 2013 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 -5.20% on the gross actuarial debt total for France, and -8.6% for the United Kingdom.

Sensitivity of the amount of social commitments relating to illness coverage plans: as at 31 December 2013, the actuarial debt relating to illness coverage plans amounted to €9.7 million. The sensitivity of this debt to an increase of 50 basis points in the discount rate is -5.0%.

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

The average duration of the commitment in France is 12 years.

NOTE 24 – FINANCING DEBT

NOTE 24.1 – FINANCING DEBT – BY MATURITY

In millions of euros	31.12.2013				31.12.2012			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Subordinated debt			1,238	1,238			1,238	1,238
of which subordinated debt of insurance companies			1,238	1,238			1,238	1,238
of which subordinated debt of banking companies								
Financing debt represented by securities								
Financing debt to banking sector companies	653	16	34	703	654	16	37	707
Total	**653**	**16**	**1,272**	**1,941**	**654**	**16**	**1,275**	**1,945**

The Group's external debt remained stables as at 31 December 2013 compared with 31 December 2012.

NOTE 24.2 – FINANCING DEBT – BY CURRENCY AND RATE

In millions of euros	31.12.2013			
	Currencies		Rates	
	Eurozone	Outside eurozone	Fixed rate	Variable rate
Subordinated debt	1,238		1,238	
Financing debt represented by securities				
Financing debt to banking sector companies	703		689	13
Total	**1,941**		**1,928**	**13**

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

- A fixed-rate perpetual subordinated bond (TSDI) issued by Groupama SA in July 2005 for €488 million.
  - This bond includes a clause that allows the issuer to redeem the bond early as from the tenth year.
  - Groupama SA has the option of deferring interest payments if the Group's solvency is below 150%.

  At 31 December 2013, this issue was quoted at 92.2% compared with 63.4% at 31 December 2012. This quotation is the result of valuation of a counterparty as the liquidity of this security is very low.

- A fixed interest loan in the form of subordinated redeemable securities (TSR) issued in October 2009 by Groupama SA for an amount of €750 million.
  The key terms of this bond are as follows:
  - the term of the bond is 30 years,
  - an early redemption option available to Groupama SA that it may exercise as from the tenth year,
  - a clause entitling Groupama SA to defer interest payments as follows, the deferred interest remaining is due to the holders of the securities.
  - Groupama SA has the option of deferring interest payments if the Group's solvency is below 100%.

  At 31 December 2013, this issue was quoted at 104.3% compared with 85.6% at 31 December 2012.

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

The item "financing debt to banking sector companies" amounts to €703 million and corresponds mainly to the use of a syndicated loan totalling €651 million and a lease-loan debt for €28 million.

NOTE 25 – TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES

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

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Gross technical reinsurance reserves						
Life insurance reserves	30,372	1,247	31,619	29,237	1,348	30,585
Outstanding claims reserves	582	61	643	671	69	740
Profit-sharing reserves	939	21	960	524	20	544
Other technical reserves	7	26	34	12	29	41
Total Life insurance	**31,899**	**1,356**	**33,255**	**30,444**	**1,467**	**31,911**
Reserves for unearned premiums	986	677	1,663	972	759	1,731
Outstanding claims reserves	8,058	2,174	10,232	8,012	2,109	10,121
Other technical reserves	3,080	46	3,125	2,982	49	3,031
Total Non-life insurance	**12,123**	**2,897**	**15,021**	**11,965**	**2,917**	**14,883**
Life insurance reserves for unit-linked policies	4,427	827	5,254	3,432	886	4,319
Total	**48,450**	**5,080**	**53,530**	**45,842**	**5,270**	**51,112**

Technical liabilities of insurance policies varied as at 31 December 2013 by +€2,418 million and mainly involved France (+€2,608 million).

The adequacy tests carried out on liabilities as at 31 December 2013 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	31.12.2013			31.12.2012		
	L&H	P&C	Total	L&H	P&C	Total
Gross technical reinsurance reserves						
Life insurance reserves	30,371		30,371	29,237		29,237
Outstanding claims reserves	582		582	671		671
Profit-sharing reserves	939		939	524		524
Other technical reserves	7		7	12		12
Total Life insurance	**31,899**		**31,899**	**30,444**		**30,444**
Reserves for unearned premiums	136	850	986	132	839	971
Outstanding claims reserves	923	7,135	8,058	992	7,020	8,012
Other technical reserves	2,471	608	3,079	2,404	579	2,983
Total Non-life insurance	**3,530**	**8,594**	**12,123**	**3,528**	**8,438**	**11,966**
Life insurance reserves for unit-linked policies	4,427		4,427	3,432		3,432
Total gross technical reserves relating to insurance policies	**39,856**	**8,594**	**48,450**	**37,404**	**8,438**	**45,842**

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

In millions of euros	31.12.2013			31.12.2012		
	L&H	P&C	Total	L&H	P&C	Total
Gross technical reinsurance reserves						
Life insurance reserves	1,247		1,247	1,348		1,348
Outstanding claims reserves	61		61	69		69
Profit-sharing reserves	21		21	20		20
Other technical reserves	26		26	29		29
Total Life insurance	**1,355**		**1,355**	**1,466**		**1,466**
Reserves for unearned premiums	61	616	677	66	694	760
Outstanding claims reserves	86	2,088	2,174	103	2,006	2,110
Other technical reserves	9	37	46	8	40	48
Total Non-life insurance	**156**	**2,741**	**2,897**	**177**	**2,740**	**2,918**
Life insurance reserves for unit-linked policies	827		827	886		886
Total gross technical reserves relating to insurance policies	**2,339**	**2,741**	**5,080**	**2,530**	**2,740**	**5,270**

Groupama

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

In millions of euros	31.12.2013			31.12.2012		
	Gross life insurance reserves	Gross outstanding claims reserves	Total	Gross life insurance reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	308	25	333	367	21	388
Individual insurance	10,198	208	10,406	9,736	257	9,993
Group policies	193	5	198	205	6	211
Other	2,831		2,831	2,256		2,256
Total reserves for single-premium policies	**13,530**	**237**	**13,767**	**12,564**	**285**	**12,849**
Periodic-premium contracts						
Capitalisation	348	11	358	377	8	385
Individual insurance	7,359	125	7,484	7,186	180	7,366
Group policies	7,183	240	7,423	7,483	237	7,720
Other	698	4	702	603	3	606
Total reserves for periodic premium policies	**15,588**	**379**	**15,968**	**15,649**	**429**	**16,077**
Inward reinsurance	**2,500**	**26**	**2,527**	**2,373**	**26**	**2,399**
TOTAL	**31,619**	**643**	**32,262**	**30,586**	**740**	**31,326**

In millions of euros	31.12.2013			31.12.2012		
	Reserves for unearned premiums	Outstanding claims reserves	Total	Reserves for unearned premiums	Outstanding claims reserves	Total
Non-life insurance						
Motor insurance	753	4,334	5,087	819	4,213	5,032
Bodily injury	213	1,141	1,354	218	1,171	1,389
Property damage	435	2,199	2,634	421	2,095	2,516
General third party liability	53	454	507	53	475	528
Marine, aviation, transport	8	261	269	11	333	344
Other risks	200	1,477	1,677	200	1,465	1,665
Inward reinsurance	**1**	**366**	**367**	**9**	**369**	**378**
Total non-life insurance reserves	**1,663**	**10,232**	**11,895**	**1,731**	**10,121**	**11,852**

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

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Opening reserves for non-life claims	**8,012**	**2,109**	**10,121**	**9,313**	**2,979**	**12,292**
Portfolio transfer	**(25)**	**25**	**0**	**(1,711)**	**(923)**	**(2,634)**
Claims expense for the current fiscal year	6,051	1,301	7,352	6,084	1,332	7,416
Claims expense for prior fiscal years	(215)	41	(174)	198	51	249
Total claims expense	**5,836**	**1,342**	**7,179**	**6,282**	**1,383**	**7,665**
Claims payments for the current fiscal year	(3,103)	(601)	(3,702)	(3,115)	(649)	(3,763)
Claims payments for prior fiscal years	(2,662)	(654)	(3,316)	(2,758)	(688)	(3,446)
Total payments	**(5,763)**	**(1,255)**	**(7,018)**	**(5,873)**	**(1,337)**	**(7,210)**
Foreign exchange variation	**(1)**	**(47)**	**(49)**		**7**	**7**
Closing reserves for non-life claims	**8,059**	**2,174**	**10,233**	**8,011**	**2,109**	**10,120**

NOTE 25.5 – IMPACT OF GROSS CLAIMS

In millions of euros	2009	2010	2011	2012	2013
Estimate of the claims expense					
At end of N	7,006	7,182	6,938	7,364	7,325
At end of N+1	6,875	7,283	7,226	7,431	
At end of N+2	6,761	7,242	7,139		
At end of N+3	6,784	7,193			
At end of N+4	6,763				
At end of N+5					
Claims expense	**6,763**	**7,193**	**7,139**	**7,431**	**7,325**
Cumulative claims payments	**6,221**	**6,472**	**6,164**	**5,882**	**3,683**
Outstanding claims reserves	**542**	**721**	**975**	**1,549**	**3,642**
Earned premiums	**8,452**	**9,002**	**9,391**	**9,905**	**9,845**
Claims and reserves/earned premium	**80.0%**	**79.9%**	**76.0%**	**75.0%**	**74.4%**

The statement of claim trends shows changes in estimates of the gross claims expense per year of occurrence covering the years 2009 to 2013, i.e., changes in the initial estimates and adjusted expense as at the balance sheet date.

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

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

GROSS VALUE

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Closing non-life annuity actuarial reserves (net of recoveries)	**2,231**	**24**	**2,255**	**2,120**	**24**	**2,144**
Closing non-life annuity actuarial reserves (net of recoveries) before change in discount rate	2,158	24	2,183	2,088	24	2,112
Closing non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,640	24	2,664	2,604	24	2,628
Technical interest	(481)		(481)	(517)		(517)
Impact of change in discount rate	73		73	32		32

PROPORTION CEDED

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries)	**128**	**(5)**	**123**	**121**	**(5)**	**116**
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) before change in discount rate	123	(5)	118	119	(5)	114
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) excluding technical interest	154	(5)	149	153	(5)	147
Technical interest	(31)		(31)	(33)		(33)
Impact of change in discount rate	5		5	2		2

NOTE 26 – TECHNICAL LIABILITIES RELATED TO FINANCIAL CONTRACTS

In millions of euros	31.12.2013	31.12.2012
Reserves for financial contracts with discretionary profit sharing		
Life technical reserves	18,407	20,538
Reserves for unit-linked contracts	91	24
Outstanding claims reserves	93	243
Profit-sharing reserves	39	53
Other technical reserves		27
Total	**18,630**	**20,885**
Reserves for financial contracts without discretionary profit sharing		
Life technical reserves	7	7
Reserves for unit-linked contracts	51	43
Outstanding claims reserves		
Profit-sharing reserves		
Other technical reserves		
Total	**58**	**50**
Total	**18,688**	**20,935**

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

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Life financial contracts reserves	17,137	1,277	18,414	19,379	1,166	20,545
Outstanding claims reserves	88	5	93	238	5	243
Profit-sharing reserves	36	3	39	36	17	53
Other technical reserves				27		27
Total	**17,261**	**1,285**	**18,546**	**19,680**	**1,188**	**20,868**

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

In millions of euros	31.12.2013			31.12.2012		
	Life financial contracts reserves	Gross outstanding claims reserves	Total	Life financial contracts reserves	Gross outstanding claims reserves	Total
Single-premium contracts						
Capitalisation	273	6	279	301	6	307
Individual insurance	17,468	10	17,478	19,194	224	19,418
Group contracts	89		89	84		84
Other						
Total reserves for single-premium contracts	**17,830**	**16**	**17,845**	**19,578**	**230**	**19,809**
Periodic-premium contracts						
Capitalisation	119	1	120	124	1	125
Individual insurance	199	70	269	384	5	389
Group contracts	263	5	269	455	6	461
Other	3	1	4	3		3
Total reserves for periodic premium contracts	**585**	**77**	**662**	**966**	**13**	**979**
Inward reinsurance						
Total Life Insurance reserves	**18,414**	**93**	**18,507**	**20,544**	**243**	**20,787**

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

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Opening actuarial reserves	**48,616**	**2,514**	**51,130**	**49,008**	**3,215**	**52,223**
Premiums for the year	2,231	309	2,541	2,808	236	3,044
Portfolio transfer/changes in scope of consolidation					(565)	(565)
Interest credited	237	70	307	235	71	307
Profit sharing	896	14	910	1,179	14	1,193
Policies at term	(302)	(127)	(429)	(528)	(127)	(655)
Redemptions	(2,143)	(220)	(2,362)	(2,783)	(318)	(3,101)
Annuity arrears	(521)	(3)	(523)	(490)	(3)	(492)
Death benefits	(976)	(10)	(986)	(890)	(11)	(902)
Other changes	(531)	(24)	(555)	77	2	79
Closing actuarial reserves	**47,509**	**2,523**	**50,033**	**48,616**	**2,514**	**51,130**

The other movements primarily come from arbitrage of contracts in euros to unit-linked contracts.

NOTE 28 – DEBTS TO UNIT HOLDERS OF CONSOLIDATED UCITS

In millions of euros	31.12.2013			31.12.2012		
	Insurance	Banking	Total	Insurance	Banking	Total
Debts to unit holders of consolidated UCITS	539		539	769		769
Total	**539**		**539**	**769**		**769**

NOTE 29 – LIABILITIES FROM INSURANCE OR INWARD REINSURANCE OPERATIONS

In millions of euros	31.12.2013				31.12.2012			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Policyholders, intermediaries, and other third parties	663	4		667	666	3		669
Co-insurers	82			82	75	10		85
Current accounts – ceding and retroceding companies	49	32		81	29	4		33
Total	**794**	**36**		**830**	**770**	**17**		**787**

NOTE 30 – LIABILITIES FROM OUTWARD REINSURANCE ACTIVITIES

In millions of euros	31.12.2013				31.12.2012			
	< 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)	7,344	22		7,366	235	8		243
Other liabilities from reinsurance activities	123	3		126	183	4		187
Total	**7,467**	**25**		**7,493**	**417**	**13**		**430**

(1) Including deposits received from reinsurers.

The change in "Outward reinsurer and retrocessionaire current accounts" relative to the previous year is explained by the establishment of a proportional reinsurance treaty with a term of three years.

NOTE 31 – CURRENT TAXES PAYABLE AND OTHER TAX LIABILITIES

In millions of euros	31.12.2013				31.12.2012			
	<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	264	16		281	275	4		280
Total	**264**	**16**		**281**	**275**	**4**		**280**

"Current taxes payable and other tax liabilities" amounted to €281 million as at 31 December 2013 compared with €280 million as at 31 December 2012. This item includes corporate income taxes due in France and abroad as well as other government and public authority liabilities.

Current taxes payables totalled €101 million as at 31 December 2013, versus €93 million as at 31 December 2012, broken down as follows:

- €28 million for companies within the tax consolidation scope,
- €73 million for foreign companies.

Other tax liabilities totalled €180 million as at 31 December 2013, including €37 million for foreign companies, versus €187 million as at 31 December 2012.

NOTE 32 – OTHER DEBTS

NOTE 32.1 – OTHER DEBTS – BY OPERATING SEGMENT

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Due to employees	287	6	294	259	7	266
Social agencies	221	8	230	220	9	229
Other loans, deposits, and guarantees received	1,834	11	1,844	5,178	8	5,186
Miscellaneous creditors	758	43	801	880	50	930
Other debts	479	34	513	256	31	287
Total	**3,579**	**102**	**3,682**	**6,794**	**104**	**6,898**

The “Other loans, deposits and guarantees received” line item amounted to €1,844 million as at 31 December 2013, compared with €5,186 million as at 31 December 2012, a decrease of €3,342 million. The decrease mainly comes from debt resulting from the bond repurchase agreement, which amounted to €1,757 million as at 31 December 2013 compared with €5,110 as at 31 December 2012, a decrease of €3,353 million from Groupama Gan Vie.

NOTE 32.2 – OTHER DEBTS – BY MATURITY

In millions of euros	31.12.2013				31.12.2012			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Due to employees	280	1	13	294	253		14	266
Social agencies	228	1		230	229			229
Other loans, deposits, and guarantees received	1,757	15	73	1,844	5,101	14	71	5,186
Miscellaneous creditors	795	5	1	801	910	9	11	930
Other debts	513			513	287			287
Total	**3,574**	**22**	**87**	**3,682**	**6,779**	**23**	**96**	**6,898**

NOTE 32.3 – OTHER DEBTS – BY CURRENCY AND BY RATE

In millions of euros	31.12.2013			
	Currencies		Rates	
	Eurozone	Outside eurozone	Fixed rate	Variable rate
Due to employees	291	3	294	
Social agencies	229	1	230	
Other loans, deposits, and guarantees received	1,840	4	1,835	9
Miscellaneous creditors	781	20	801	
Other debts	513		513	
Total	**3,654**	**28**	**3,673**	**9**

NOTE 33 – ANALYSIS OF PREMIUM INCOME

NOTE 33.1 – ANALYSIS OF INSURANCE PREMIUM INCOME BY MAJOR CATEGORY

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Individual retirement savings	1,946	434	2,380	2,367	387	2,754
Individual protection insurance	615	112	727	603	107	710
Individual health insurance	1,363	64	1,427	1,339	67	1,406
Other	159		159	150		150
Individual life and health insurance	**4,082**	**611**	**4,693**	**4,459**	**561**	**5,020**
Group retirement savings	210	49	259	207	63	270
Group protection scheme	542	67	609	575	76	651
Group health	537	22	559	561	24	585
Other	231		231	275		275
Group life and health insurance	**1,520**	**138**	**1,658**	**1,618**	**163**	**1,781**
Life and health insurance	**5,602**	**749**	**6,351**	**6,077**	**724**	**6,801**
Motor insurance	1,542	1,238	2,780	1,536	1,341	2,877
Other vehicles	108		108	108		108
Home insurance	944	177	1,120	882	176	1,058
Retail and professional property and casualty	390	13	403	370	13	383
Construction	166		166	172		172
Private and professional	**3,151**	**1,428**	**4,578**	**3,068**	**1,530**	**4,598**
Fleets	402	8	410	388	12	400
Business and local authorities property	441	187	628	486	185	671
Businesses and local authorities	**843**	**195**	**1,038**	**874**	**197**	**1,071**
Agricultural risks	480	102	582	459	87	546
Climate risks	252		252	231		231
Tractors and agricultural equipment	243		243	225		225
Agricultural business segments	**976**	**102**	**1,078**	**915**	**87**	**1,002**
Other business segments	290	68	358	380	78	458
Property and casualty insurance	**5,260**	**1,793**	**7,052**	**5,237**	**1,893**	**7,130**
Total Insurance	**10,862**	**2,541**	**13,403**	**11,314**	**2,617**	**13,931**

NOTE 33.2 – ANALYSIS OF PREMIUM INCOME BY BUSINESS

In millions of euros	31.12.2013					31.12.2012				
	L&H	P&C	Financial businesses	Total	Share %	L&H	P&C	Financial businesses	Total	Share %
France	5,602	5,260	266	11,128	81%	6,077	5,237	267	11,581	82%
Southern Europe	552	1,502		2,054	15%	542	1,581		2,124	15%
CEEC	196	291		487	4%	182	311		493	3%
Total	**6,351**	**7,053**	**266**	**13,669**	**100%**	**6,801**	**7,130**	**267**	**14,198**	**100%**

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

NOTE 33.3 – ANALYSIS OF BANKING ITEMS CONTRIBUTING TO PREMIUM INCOME

In millions of euros	31.12.2013			31.12.2012		
	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and related income	71		71	50		50
Commissions (income)	60	123	183	59	138	197
Gains on financial instruments at fair value through income	10		10	9	1	9
Gains on available-for-sale financial assets		1		7	1	7
Income from other activities		1	1	1	3	3
Total	**142**	**124**	**266**	**125**	**142**	**267**

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

The decrease in premium income of “Other companies” is related to the disposal of Groupama Private Equity. It is offset by the development of Groupama Banque’s business.

NOTE 34 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

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

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Interest on deposits and financial investments income	1,980	243	2,224	2,044	256	2,300
Gains on foreign exchange transactions	21	18	39	23	13	36
Income from differences on redemption prices to be received (premium-discount)	110	4	114	112	5	117
Income from property	134	1	135	171	1	172
Other investment income						
Investment income	**2,246**	**267**	**2,512**	**2,350**	**275**	**2,625**
Interest received from reinsurers	(2)		(2)	(3)		(4)
Losses on foreign exchange transactions	(24)	(15)	(39)	(32)	(11)	(44)
Amortisation of differences in redemption prices (premium-discount)	(194)	(17)	(211)	(137)	(10)	(148)
Impairment and reserves on property	(56)	(4)	(60)	(55)	(7)	(62)
Management expenses	(340)	(11)	(351)	(344)	(11)	(355)
Investment expenses	**(616)**	**(47)**	**(663)**	**(571)**	**(40)**	**(611)**
Held for trading	221	(18)	203	205		205
Available-for-sale	859	40	899	(428)	(50)	(479)
Held to maturity						
Other	59	7	66	774	19	792
Capital gains (losses) from sales of investments, net of impairment and depreciation write-backs	**1,138**	**29**	**1,167**	**550**	**(32)**	**519**
Held for trading	43	3	46	93	30	123
Derivatives	16		16	(116)	(1)	(117)
Adjustments on unit-linked policies	307	25	332	419	36	455
Change in fair value of financial instruments recorded at fair value by income	**366**	**28**	**394**	**396**	**66**	**462**
Available-for-sale	(12)	(11)	(23)	(305)	15	(290)
Held to maturity						
Receivables and loans	(4)		(4)	2		2
Change in impairment on financial instruments	**(16)**	**(11)**	**(27)**	**(303)**	**15**	**(288)**
Total	**3,119**	**265**	**3,384**	**2,422**	**284**	**2,706**

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	31.12.2013				31.12.2012			
	P&C	L&H	Holding	Total	P&C	L&H	Holding	Total
Interest on deposits and financial investments income	190	1,786	5	1,980	186	1,852	6	2,044
Gains on foreign exchange transactions	5	16		21	16	5	2	23
Income from differences on redemption prices to be received (premium-discount)	4	107		110	3	109		112
Income from property	43	91		134	57	114		171
Other investment income								
Investment income	**242**	**1,999**	**5**	**2,246**	**261**	**2,081**	**8**	**2,350**
Interest received from reinsurers	(2)			(2)	(3)	(1)		(3)
Losses on foreign exchange transactions	(7)	(15)	(3)	(24)	(19)	(12)	(1)	(32)
Amortisation of differences in redemption prices (premium-discount)	(16)	(178)		(194)	(10)	(127)		(137)
Impairment and reserves on property	(23)	(33)		(56)	(23)	(32)		(55)
Management expenses	(61)	(323)	44	(340)	(61)	(311)	28	(344)
Investment expenses	**(108)**	**(549)**	**41**	**(616)**	**(115)**	**(483)**	**27**	**(571)**
Held for trading	2	220	(1)	221	83	120	1	205
Available-for-sale	94	758	6	859	(194)	(220)	(14)	(428)
Held to maturity								
Other	35	24		59	221	553		774
Capital gains (losses) from sales of investments, net of impairment and depreciation write-backs	**130**	**1,003**	**6**	**1,138**	**111**	**453**	**(13)**	**550**
Held for trading	20	60	(37)	43	28	114	(50)	93
Derivatives	1	15		16	(2)	(115)	1	(116)
Adjustments on unit-linked policies		307		307		419		419
Change in fair value of financial instruments recorded at fair value by income	**21**	**381**	**(37)**	**366**	**27**	**418**	**(49)**	**396**
Available-for-sale	(6)	(5)	(1)	(12)	(27)	(278)		(305)
Held to maturity								
Receivables and loans		2	(5)	(4)	2	1	(1)	2
Change in impairment on financial instruments	**(6)**	**(4)**	**(6)**	**(16)**	**(25)**	**(277)**	**(1)**	**(303)**
Total investment income net of management expenses	**279**	**2,830**	**9**	**3,119**	**258**	**2,192**	**(29)**	**2,422**

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

In millions of euros	31.12.2013				31.12.2012			
	P&C	L&H	Holding	Total	P&C	L&H	Holding	Total
Interest on deposits and financial investments income	99	143	2	243	101	153	2	256
Gains on foreign exchange transactions	17	1		18	12	1		13
Income from differences on redemption prices to be received (premium-discount)	1	2		4	2	3		5
Income from property	1			1				1
Other investment income								
Investment income	**118**	**146**	**2**	**267**	**116**	**157**	**2**	**275**
Interest received from reinsurers								
Losses on foreign exchange transactions	(14)	(1)		(15)	(11)	(1)		(11)
Amortisation of differences in redemption prices (premium-discount)	(8)	(9)		(17)	(5)	(5)		(10)
Impairment and reserves on property	(4)			(4)	(6)			(7)
Management expenses	(6)	(5)		(11)	(6)	(5)		(11)
Investment expenses	**(32)**	**(15)**		**(47)**	**(28)**	**(11)**		**(40)**
Held for trading		(18)		(18)				
Available-for-sale	27	13		40	(17)	(33)		(50)
Held to maturity								
Other	6	1		7	15	4		19
Capital gains (losses) from sales of investments, net of impairment and depreciation write-backs	**33**	**(4)**		**29**	**(2)**	**(30)**		**(32)**
Held for trading		3		3	8	22		30
Derivatives								(1)
Adjustments on unit-linked policies		25		25		36		36
Change in fair value of financial instruments recorded at fair value by income		**28**		**28**	**8**	**58**		**66**
Available-for-sale	(7)	(4)		(11)	16	(1)		15
Held to maturity								
Receivables and loans								
Change in impairment on financial instruments	**(7)**	**(4)**		**(11)**	**16**	**(1)**		**15**
Total investment income net of management expenses	**113**	**150**	**2**	**265**	**110**	**173**	**2**	**284**

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

In millions of euros	31.12.2013					31.12.2012				
	Income and expenses	Proceeds from disposal (*)	Fair value measurement	Change in reserves	Total	Income and expenses	Proceeds from disposal (*)	Fair value measurement	Change in reserves	Total
Property	135	67			202	172	794			966
Equities	130	300			430	152	(415)			(263)
Bonds	1,943	254	15		2,212	2,063	(134)	(11)		1,918
Equity UCITS	33	301	68		402	32	21	28		81
UCITS: Cash and cash equivalents (repurchase transactions)		5			5		19	1		20
Other cash UCITS		10			10		6	1		7
Bond UCITS	78	(1)	(2)		75	76	125	114		315
Interest on cash deposits	8				8	9				9
Other investment income	186	232	(19)	(27)	372	121	103	(127)	(288)	(191)
Investment income	**2,513**	**1,168**	**62**	**(27)**	**3,716**	**2,625**	**519**	**6**	**(288)**	**2,862**
Internal and external management expenses and other investment expenses	(319)				(319)	(329)				(329)
Other investment expenses	(345)				(345)	(283)				(283)
Investment expenses	**(664)**				**(664)**	**(612)**				**(612)**
Investment income, net of expenses	**1,849**	**1,168**	**62**	**(27)**	**3,052**	**2,013**	**519**	**6**	**(288)**	**2,250**
Capital gains on securities representing unit-linked policies			543		543			555		555
Capital losses on securities representing unit-linked policies			(211)		(211)			(99)		(99)
Total investment income net of management expenses	**1,849**	**1,168**	**394**	**(27)**	**3,384**	**2,013**	**519**	**462**	**(288)**	**2,706**

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

Investment income net of management expenses increased by €678 million. This change is explained mainly by:

- the reduction in investment income by €113 million, including €37 million on property, €22 million on equities and equity UCITS, €117 million on bonds and fixed-income UCITS, and an increase of €65 million in other investment income,
- the net increase in realised capital gains, net of impairment write-backs, of €648 million,
- the decrease in the change in fair value of €68 million, including €123 million on securities representing unit-linked policies,
- the decrease in impairment over the period for €261 million,
- an increase of €51 million in investment management expenses.

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

In millions of euros	31.12.2013					31.12.2012				
	Income and expenses	Proceeds from disposal (*)	Fair value measurement	Change in reserves	Total	Income and expenses	Proceeds from disposal (*)	Fair value measurement	Change in reserves	Total
Property	134	60			194	171	776			947
Equities	127	316			443	148	(410)			(262)
Bonds	1,716	243	14		1,973	1,833	7	(13)		1,827
Equity UCITS	31	298	68		397	31	21	13		65
UCITS: Cash and cash equivalents (repurchase transactions)		5			5		19	1		20
Other cash UCITS		10			10		5	1		6
Bond UCITS	71	(1)	(2)		68	69	125	114		308
Interest on cash deposits	4				4	1				1
Other investment income	163	208	(21)	(16)	334	97	7	(139)	(303)	(338)
Investment income	**2,246**	**1,139**	**59**	**(16)**	**3,428**	**2,350**	**550**	**(23)**	**(303)**	**2,574**
Internal and external management expenses and other investment expenses	(311)				(311)	(320)				(320)
Other investment expenses	(305)				(305)	(251)				(251)
Investment expenses	**(616)**				**(616)**	**(571)**				**(571)**
Investment income, net of expenses	**1,630**	**1,139**	**59**	**(16)**	**2,812**	**1,779**	**550**	**(23)**	**(303)**	**2,003**
Capital gains on securities representing unit-linked policies			512		512			512		512
Capital losses on securities representing unit-linked policies			(205)		(205)			(93)		(93)
Total investment income net of management expenses	**1,630**	**1,139**	**366**	**(16)**	**3,119**	**1,779**	**550**	**396**	**(303)**	**2,422**

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

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

In millions of euros	31.12.2013					31.12.2012				
	Income and expenses	Proceeds from disposal (*)	Fair value measurement	Change in reserves	Total	Income and expenses	Proceeds from disposal (*)	Fair value measurement	Change in reserves	Total
Property	1	7			8	1	18			19
Equities	3	(16)			(13)	4	(5)			(1)
Bonds	227	11	1		239	230	(141)	2		91
Equity UCITS	2	3			5	1		15		16
UCITS: Cash and cash equivalents (repurchase transactions)										
Other cash UCITS							1			1
Bond UCITS	7				7	7				7
Interest on cash deposits	4				4	8				8
Other investment income	23	24	2	(11)	38	24	96	12	15	147
Investment income	**267**	**29**	**3**	**(11)**	**288**	**275**	**(31)**	**29**	**15**	**288**
Internal and external management expenses and other investment expenses	(8)				(8)	(9)				(9)
Other investment expenses	(40)				(40)	(32)				(32)
Investment expenses	**(48)**				**(48)**	**(41)**				**(41)**
Investment income, net of expenses	**219**	**29**	**3**	**(11)**	**240**	**234**	**(31)**	**29**	**15**	**247**
Capital gains on securities representing unit-linked policies			31		31			43		43
Capital losses on securities representing unit-linked policies			(6)		(6)			(6)		(6)
Total investment income net of management expenses	**219**	**29**	**28**	**(11)**	**265**	**234**	**(31)**	**66**	**15**	**284**

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

NOTE 35 – INSURANCE POLICY SERVICING EXPENSES

NOTE 35.1 – INSURANCE POLICY SERVICING EXPENSES – BY OPERATING SEGMENT

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Claims						
Paid to policyholders	(9,990)	(1,904)	(11,894)	(10,707)	(2,052)	(12,759)
Change in technical reserves						
Outstanding claims reserves	184	(61)	123	(34)	(10)	(44)
Actuarial reserves	1,602	81	1,683	1,788	260	2,049
Unit-linked reserves	(406)	32	(374)	(462)	(48)	(510)
Profit sharing	(1,982)	(104)	(2,086)	(1,176)	(139)	(1,315)
Other technical reserves	(109)	(8)	(117)	(126)	(5)	(131)
Total	**(10,701)**	**(1,964)**	**(12,665)**	**(10,717)**	**(1,994)**	**(12,710)**

Note 35.2 – Insurance policy servicing expenses by business

Note 35.2.1 – Insurance policy servicing expenses by business – France

In millions of euros	31.12.2013			31.12.2012		
	P&C	L&H	Total	P&C	L&H	Total
Claims						
Paid to policyholders	(3,657)	(6,333)	(9,990)	(3,613)	(7,094)	(10,707)
Change in technical reserves						
Outstanding claims reserves	(101)	286	185	(226)	192	(33)
Actuarial reserves		1,602	1,602		1,788	1,788
Unit-linked reserves		(406)	(406)		(462)	(462)
Profit sharing	(2)	(1,981)	(1,983)	(2)	(1,174)	(1,176)
Other technical reserves	(43)	(66)	(109)	(9)	(117)	(126)
Total	**(3,804)**	**(6,897)**	**(10,701)**	**(3,849)**	**(6,868)**	**(10,717)**

Note 35.2.2 – Insurance policy servicing expenses by business – International

In millions of euros	31.12.2013			31.12.2012		
	P&C	L&H	Total	P&C	L&H	Total
Claims						
Paid to policyholders	(1,139)	(765)	(1,904)	(1,210)	(842)	(2,052)
Change in technical reserves						
Outstanding claims reserves	(94)	33	(61)	(17)	7	(10)
Actuarial reserves		81	81		260	260
Unit-linked reserves		32	32		(48)	(48)
Profit sharing		(104)	(104)		(139)	(139)
Other technical reserves	(2)	(6)	(8)	(1)	(5)	(5)
Total	**(1,235)**	**(729)**	**(1,964)**	**(1,228)**	**(766)**	**(1,994)**

NOTE 36 – OUTWARD REINSURANCE INCOME (EXPENSES)

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

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Acquisition and administrative costs	273	65	339	235	121	356
Claims expenses	(6,076)	135	(5,941)	744	209	953
Change in technical reserves	6,938	(1)	6,937	24	(2)	22
Profit sharing	(255)	2	(252)	12	2	14
Change in the equalisation reserve						
Income on outward reinsurance	**880**	**203**	**1,082**	**1,015**	**330**	**1,344**
Outward premiums	(1,175)	(279)	(1,454)	(1,258)	(448)	(1,705)
Change in unearned premiums	(10)	3	(7)	(9)		(9)
Expenses on outward reinsurance	**(1,185)**	**(276)**	**(1,461)**	**(1,267)**	**(448)**	**(1,715)**
Total	**(305)**	**(74)**	**(378)**	**(252)**	**(118)**	**(370)**

NOTE 36.2 – OUTWARD REINSURANCE INCOME (EXPENSES) BY BUSINESS

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

In millions of euros	31.12.2013			31.12.2012		
	P&C	L&H	Total	P&C	L&H	Total
Acquisition and administrative costs	92	181	273	183	52	235
Claims expenses	271	(6,347)	(6,076)	561	183	744
Change in technical reserves	4	6,934	6,938	3	20	24
Profit sharing		(255)	(255)		12	12
Change in the equalisation reserve						
Income from outward reinsurance	**366**	**514**	**880**	**747**	**268**	**1,015**
Outward premiums	(638)	(537)	(1,175)	(980)	(278)	(1,258)
Change in unearned premiums	(12)	2	(10)	(10)	1	(9)
Expenses on outward reinsurance	**(649)**	**(535)**	**(1,185)**	**(990)**	**(277)**	**(1,267)**
Total	**(283)**	**(22)**	**(305)**	**(243)**	**(9)**	**(252)**

The increase in claims expenses and change in technical reserves in life and health insurance relative to the previous year is explained by the establishment of a proportional reinsurance treaty with a term of three years.

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

In millions of euros	31.12.2013			31.12.2012		
	P&C	L&H	Total	P&C	L&H	Total
Acquisition and administrative costs	64	1	65	120	1	121
Claims expenses	130	6	135	204	5	209
Change in technical reserves			(1)	(2)		(2)
Profit sharing		2	2		2	2
Change in the equalisation reserve						
Income from outward reinsurance	**194**	**8**	**202**	**322**	**8**	**329**
Outward premiums	(272)	(7)	(279)	(439)	(9)	(448)
Change in unearned premiums	3		3	(1)	1	0
Expenses on outward reinsurance	**(269)**	**(7)**	**(276)**	**(440)**	**(8)**	**(448)**
Total	**(75)**	**2**	**(74)**	**(118)**	**0**	**(118)**

NOTE 37 – OPERATING EXPENSES

NOTE 37.1 – OPERATING EXPENSES – BY OPERATING SEGMENT

In millions of euros	31.12.2013			31.12.2012		
	France	Inter-national	Total	France	Inter-national	Total
External expenses	(733)	(95)	(828)	(843)	(88)	(932)
Taxes	(244)	(21)	(265)	(242)	(10)	(252)
Employee-related expenses	(1,596)	(164)	(1,760)	(1,601)	(188)	(1,789)
Commissions	(628)	(388)	(1,017)	(580)	(397)	(976)
Amortisation and reserves (net of write-backs)	(190)	(30)	(221)	(194)	(32)	(226)
Other expenses	(93)	(74)	(166)	(110)	(87)	(197)
Total operating expenses by nature	**(3,484)**	**(773)**	**(4,257)**	**(3,570)**	**(802)**	**(4,372)**

NOTE 37.2 – OPERATING EXPENSES BY BUSINESS SECTOR

In millions of euros	31.12.2013			31.12.2012		
	Insurance	Banking	Total	Insurance	Banking	Total
External expenses	(761)	(66)	(828)	(865)	(67)	(932)
Taxes	(257)	(8)	(265)	(243)	(9)	(252)
Employee-related expenses	(1,644)	(116)	(1,760)	(1,667)	(122)	(1,789)
Commissions	(1,017)		(1,017)	(976)		(976)
Amortisation and reserves (net of write-backs)	(216)	(5)	(221)	(219)	(7)	(226)
Other expenses	(150)	(17)	(166)	(167)	(30)	(197)
Total operating expenses by nature	**(4,044)**	**(213)**	**(4,257)**	**(4,137)**	**(235)**	**(4,372)**

NOTE 37.3 – BREAKDOWN OF EMPLOYEE-RELATED EXPENSES

In millions of euros	31.12.2013	31.12.2012 (*)
Salaries	(1,050)	(1,099)
Social security expenses	(431)	(458)
Post-employment benefits		
Defined contribution plans	(113)	(100)
Defined benefit plans	(10)	(14)
Anniversary days and employee awards	(5)	(5)
Other personnel benefits	(151)	(123)
Annual salary expenses	**(1,760)**	**(1,799)**

(*) The data dated 31 December 2012 have been broken down more finely, particularly for costs related to defined-benefit schemes that had not been the subject of a special distinction.

The gross annual compensation (including profit sharing and benefits in kind) of the members of the Groupama SA Steering Committee was €5.9 million as at 31 December 2013. The total liability for retirement contracts as of 31 December 2013 was €22.4 million.

NOTE 38 – POLICY ACQUISITION COSTS

NOTE 38.1 – POLICY ACQUISITION COSTS BY OPERATING SEGMENT

In millions of euros	31.12.2013			31.12.2012		
	France	Inter-national	Total	France	Inter-national	Total
Commissions	(307)	(316)	(624)	(375)	(319)	(694)
Change in deferred acquisition costs	(85)	(1)	(86)	(16)	(6)	(23)
Other expenses	(1,039)	(101)	(1,140)	(1,107)	(98)	(1,205)
Total	**(1,432)**	**(418)**	**(1,850)**	**(1,499)**	**(423)**	**(1,921)**

NOTE 38.2 – POLICY ACQUISITION COSTS BY BUSINESS

NOTE 38.2.1 – POLICY ACQUISITION COSTS BY BUSINESS – FRANCE

In millions of euros	31.12.2013			31.12.2012		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(244)	(64)	(307)	(236)	(139)	(375)
Change in deferred acquisition costs		(85)	(85)	1	(17)	(16)
Other expenses	(608)	(432)	(1,039)	(603)	(504)	(1,107)
Total	**(851)**	**(581)**	**(1,432)**	**(839)**	**(660)**	**(1,499)**

NOTE 38.2.2 – POLICY ACQUISITION COSTS BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2013			31.12.2012		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(249)	(67)	(316)	(254)	(65)	(319)
Change in deferred acquisition costs		(1)	(1)	(3)	(4)	(6)
Other expenses	(75)	(25)	(101)	(71)	(27)	(98)
Total	**(325)**	**(93)**	**(418)**	**(327)**	**(95)**	**(423)**

NOTE 39 – ADMINISTRATIVE COSTS

NOTE 39.1 – ADMINISTRATIVE COSTS BY OPERATING SEGMENT

In millions of euros	31.12.2013			31.12.2012		
	France	Inter-national	Total	France	Inter-national	Total
Commissions	(72)	(38)	(110)	(122)	(42)	(164)
Other expenses	(273)	(126)	(399)	(431)	(129)	(560)
Total	**(345)**	**(164)**	**(509)**	**(552)**	**(171)**	**(724)**

NOTE 39.2 – ADMINISTRATIVE COSTS BY BUSINESS

NOTE 39.2.1 – ADMINISTRATIVE COSTS BY BUSINESS – FRANCE

In millions of euros	31.12.2013			31.12.2012		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(41)	(31)	(72)	(48)	(74)	(122)
Other expenses	(187)	(85)	(273)	(172)	(259)	(431)
Total	**(229)**	**(116)**	**(345)**	**(220)**	**(332)**	**(552)**

NOTE 39.2.2 – ADMINISTRATIVE COSTS BY BUSINESS – INTERNATIONAL

In millions of euros	31.12.2013			31.12.2012		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(25)	(13)	(38)	(28)	(14)	(42)
Other expenses	(83)	(43)	(126)	(86)	(43)	(129)
Total	**(108)**	**(57)**	**(164)**	**(113)**	**(58)**	**(171)**

NOTE 40 – OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS

In millions of euros	31.12.2013			31.12.2012		
	France	Inter-national	Total	France	Inter-national	Total
Commissions and other operating expenses, Life	(340)	(13)	(352)	(193)	(13)	(206)
Employee profit sharing, Life	(2)		(2)	(5)		(5)
Other operating income, Life	5	9	13	22	11	33
Transfer of operating expenses and capitalised production, Life	19		19	27		27
Total income and expenses from current operations, Life	**(318)**	**(4)**	**(322)**	**(148)**	**(2)**	**(150)**
Non-life commissions and other operating expenses	(413)	(96)	(509)	(339)	(124)	(463)
Employee profit sharing, Non-life	(2)	(1)	(3)	(3)	(1)	(4)
Other non-life operating income	58	34	93	73	56	129
Transfer of Non-life operating expenses and capitalised production	30		30	40		40
Total income and expenses from current operations, Non-life	**(326)**	**(62)**	**(388)**	**(228)**	**(69)**	**(298)**
Other non-operating expenses	(238)	(24)	(262)	(299)	(25)	(324)
Other non-operating income	50	31	81	133	36	169
Total income and expenses from current operations, Non-technical	**(188)**	**7**	**(181)**	**(167)**	**12**	**(155)**
Total income and expenses from current operations, banking				**(5)**		**(5)**
Total	**(833)**	**(59)**	**(891)**	**(547)**	**(60)**	**(607)**

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

In millions of euros	31.12.2013			31.12.2012		
	France	International	Total	France	International	Total
Income from non-current operations	67	2	69	44	5	50
Expenses from non-current operations	(116)	(113)	(229)	(148)	(70)	(218)
Impairment of goodwill				(2)	(298)	(300)
Others				151		151
Total	**(49)**	**(111)**	**(160)**	**46**	**(362)**	**(317)**

The balance of other income and expenses from non-current operations amounted to a loss of €160 million as at 31 December 2013 compared with a loss of €317 million at 31 December 2012.

The main items comprising this total include:

- Amortisation and impairments of securities in portfolio totalling €103 million as at 31 December 2013, compared with €37 million at 31 December 2012. They incorporate an additional expense of €72 million on the Italian and Hungarian subsidiaries. In Italy, the change in regulations concerning the conditions for the renewal of policies (elimination of automatic renewal as from 1 January 2013) led to the downward revision of the technical assumptions originally adopted for the calculation of the value of the contracts in the portfolios for €59 million. In Hungary, the tax regulations replaced the old tax on financial institutions (which was to be temporary) as from 1 January 2013 with a tax on insurance products, which required the impairment of the remaining intangible assets for €14 million.

- Additional restructuring expenses related to the various voluntary departure plans within the Group for €7 million as at 31 December 2013 compared with €65 million as at 31 December 2012.

- The restatement following pensions reform, for which Groupama Gan Vie posted a non-current operating expense of -€13 million corresponding to the amortisation of the cancellation penalty;

It should be noted that as at 31 December 2012, this item included three exceptional operations: income of €151 million in HOLDCO (fully neutralised by the loss on disposal of SILIC stock of €157 million), expense of €271 million for goodwill impairment on cash-generating units of countries of Central and Eastern Europe (€260 million), Greece (€9 million), and CEGID (€2 million), as well as the impairment of intangible assets of the subsidiary Bollington for €30 million.

NOTE 42 – FINANCING EXPENSES

In millions of euros	31.12.2013	31.12.2012
Interest expenses on loans and debts	(93)	(129)
Interest income and expenses – Other		
Total financing expenses	**(93)**	**(129)**

The €35 million decrease in financing expenses as at 31 December 2013 mainly came from the repayment of preference shares to the Caisse des Dépôts et Consignations.

NOTE 43 – BREAKDOWN OF TAX EXPENSES

NOTE 43.1 – BREAKDOWN OF TAX EXPENSES BY OPERATING SEGMENT

In millions of euros	31.12.2013			31.12.2012		
	France	Inter-national	Total	France	Inter-national	Total
Current taxes	(68)	(70)	(139)	(104)	(41)	(145)
Deferred taxes	99	54	154	4	37	41
Total	**31**	**(16)**	**15**	**(99)**	**(4)**	**(103)**

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

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

In millions of euros	31.12.2013	31.12.2012
Theoretical tax expense	**(93)**	**52**
Impact of expenses or income defined as non-deductible or non-taxable	76	955
Impact of tax rate differences	31	(1,111)
Tax credit and various charges		1
Charges of prior deficits		
Losses for the fiscal year not capitalised		
Deferred tax assets not accounted for	(1)	1
Other differences	2	
Effective tax expense	**15**	**(103)**

Income tax corresponded to total income (deferred tax plus corporate tax) of €15 million at 31 December 2013, versus an expense of €103 million at 31 December 2012.

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

The reconciliation with the theoretical statutory tax is as follows:

In millions of euros	31.12.2013		31.12.2012	
	Consolidated income before taxes	Theoretical tax rate	Consolidated income before taxes	Theoretical tax rate
France	268	34.43%	141	34.43%
Bulgaria	1	10.00%	(14) (*)	10.00%
China	5	25.00%	2	25.00%
Greece	15	26.00%	(1) (*)	20.00%
Hungary	(1)	19.00%	8	19.00%
Italy	(6)	34.32%	9	34.32%
Portugal		24.50%	(1)	26.50%
Romania	(9)	16.00%	(267) (*)	16.00%
United Kingdom	4	23.25%	(28) (*)	24.50%
Slovakia		19.00%	(2)	19.00%
Tunisia	2	30.00%	4	30.00%
Turkey	(9)	20.00%		20.00%
Total	**270**		**(150)**	

(*) It should be noted that the consolidated result before tax of Bulgaria, Greece, Romania, and the United Kingdom incorporated non-taxable, non-recurring items in 2012.

The theoretical tax rate applicable in France remained at 34.43% and does not take into account the exceptional contribution of 10.7% that applies to taxable income for fiscal year 2013 and 5% on taxable income for fiscal year 2012.

As a reminder, consolidated income before taxes as at 31 December 2012 was adjusted for the businesses of GAN Eurocourtage, Spain, and part of the United Kingdom, which were reclassified as income from businesses to be sold or discontinued.

Theoretical tax rates remained stable over the period, with the exception of the Portuguese rate, which decreased from 26.5% as at 31 December 2012 to 24.5% as at 31 December 2013, the British rate, which decreased from 24.5% as at 31 December 2012 to 23.25% as at 31 December 2013, and the Greek rate, which increased from 20% as at 31 December 2012 to 26% as at 31 December 2013.

OTHER INFORMATION

NOTE 44 – EMPLOYEES OF CONSOLIDATED COMPANIES

In number of people	31.12.2013			31.12.2012
	Insurance	Banking	Total	Total
France	23,964	957	24,921	25,787
United Kingdom	323		323	556
Italy	831		831	832
Hungary	2,341		2,341	2,427
Greece	331		331	332
Romania	1,858		1,858	2,044
Other EU	260		260	270
Outside EU	598		598	558
Total employees of consolidated companies	**30,506**	**957**	**31,463**	**32,806**

The workforce in France decreased because of the voluntary departure plans offered to employees.

The workforce in the United Kingdom decreased because of the change in consolidation method for Bollington, whose staff still appeared within the scope of consolidated entities as at 31 December 2012.

NOTE 45 – COMMITMENTS GIVEN AND RECEIVED

NOTE 45.1 – COMMITMENTS GIVEN AND RECEIVED – BANKING BUSINESS

In millions of euros	31.12.2013	31.12.2012
Financing commitments received		
Guarantee commitments received	544	459
Securities commitments receivable		
Total commitments received on banking business	**544**	**459**
Commitments received on currency transactions		25
Other commitments received		
Total other commitments received on banking business		**25**
Financing commitments given	170	221
Guarantee commitments given	49	61
Commitments on securities to be delivered		
Total commitments given on banking business	**219**	**282**
Commitments given on currency transactions		25
Commitments given on financial instrument transactions		
Total other commitments given on banking business		**25**
Other commitments given	681	370
Total other commitments given	**681**	**370**

Off-balance sheet commitments received on banking business amounted to €544 million. There was no significant position in spot foreign exchange transactions as at 31 December 2013.

Commitments given totalled €219 million and specifically concerned client commitments.

Other commitments were given for €681 million, representing the amount of eligible securities used as collateral for a possible drawdown of assets, as part of the refinancing with the ECB. This amount was €370 million as at 31 December 2012.

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

In millions of euros	31.12.2013	31.12.2012
Endorsements, securities and guarantees received	150	479
Other commitments received	380	427
Total commitments received, excluding reinsurance	**530**	**906**
Reinsurance commitments received	**444**	**473**
Endorsements, securities and guarantees given	379	413
Other commitments related to stock, assets or income	418	433
Other commitments given	28	21
Total commitments given excluding reinsurance	**825**	**867**
Reinsurance commitments given	**2,898**	**2,734**
Securities belonging to protection institutions		
Other securities held on behalf of third parties	**1**	

Endorsements, securities and guarantees received totalled €150 million, largely made up of:

- liability guarantees received on the acquisition of Nuova Tirrena,
- various securities received for €83 million.

It should be noted that the guarantees received as part of the Asiban and OTP Garancia acquisitions are due to mature in 2013.

Other commitments received excluding reinsurance are largely made up of the balance of the credit facility subscribed for €1 billion through a consortium of banks, from which Groupama SA drew €650 million.

Endorsements, securities and guarantees given totalled €379 million, mainly broken down as follows:

- Guarantee valued at €57 million given in conjunction with Gan UK's sale of Minster Insurance Company Limited (MICL), This company was sold during fiscal year 2006,
- Guarantee given as part of the sale of Groupama Insurance for €140 million,
- Guarantee given as part of the sale of Gan Eurocourtage for €56 million,
- Guarantee given as part of the sale of Groupama Seguros for €81 million,

Other commitments on securities, assets or income consist of subscriptions to venture capital funds ("FCPR"). The balance of €418 million corresponds to the difference between the investment commitment of the subscribers and the total of calls for funds actually received.

Other commitments given totalled €28 million and consisted primarily of commitments on credit leasing agreements by the Groupama Gan Vie subsidiary.

Unvalued commitments

Trigger clauses:

Groupama SA:

In conjunction with issues of subordinated securities (redeemable subordinated securities “TSR” and perpetual subordinated securities “TSDI”), Groupama SA benefits from trigger clauses:

Groupama SA is entitled to defer payment of interest on the October 2009 TSR of €750 million should the Group solvency margin fall below 100%.

In conjunction with the issue of perpetual subordinated bonds (“TSDI”) of €500 million in July 2005, Groupama SA also has the option of deferring payment of interest on TSDI should the hedge of the Group solvency margin fall below 150%. The Group has not used this option and paid the coupon on 6 July 2013.

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

As a multi-line insurer, Groupama is subject to various types of insurance risks, with variable time horizons. The Group is also exposed to market risks because of its financial investment activities, particularly credit risks and the risks related to interest rates, equity markets, and foreign exchange. The liquidity and reinsurer insolvency risks are also specifically monitored by the Group. In addition, the Group is subject to operational, regulatory, legal and tax risks as are all companies in other business sectors.

1. ORGANISATION OF RISK MANAGEMENT WITHIN THE GROUP

The general principles, the objectives and the organisation of risk management in the Group are defined in the internal control charter. This charter, which has been disseminated across the Group's entities, acts as a common reference point to be complied with in the deployment of their internal control procedures. The general internal compliance policy is supplemented by a Group audit charter and a Group compliance charter, which have also been approved by the governing bodies of the Group. These charts, taken together, are the base on which the Group's structures for implementing the general internal control system using a shared method are based.
Risk management is carried out in conformity with the Group risk policy, and broken down by business and functional policies. According to the same principle, the entity risk policies are used as a reference for managing the risks of each Group entity.

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

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

Operationally, the internal control system of the entities and G.I.E Groupama Supports et Services is organised around three complementary systems:

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

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

- the risk committees by risk family (insurance, financial and operational) organised by the Group Risk Management and Permanent Control/Compliance departments and made up of major risk owners and according to the affected areas of the representatives of the Groupama SA Business and Support departments (Group Actuarial department, Group Steering and Results department, etc.) France Subsidiaries/International Subsidiaries department, and banking and Asset Management subsidiaries;
- and the Group Risk Committee. Its membership is the same as that of the Groupama SA steering committee. Similar systems are in place at the entity level.

1.1 Regional mutuals

The regional mutuals as autonomous legal entities implement their own internal control measures and manage their risks in compliance with the Group's standards. Thus, in terms of organisation and governance, the establishment of specific Risk Management Committees and the structuring of the key functions of Solvency II are made on the basis of "type" charters of risk governance bodies, as well as mission descriptions and calibration of key functions, validated by the governing bodies of the Group. The internal control, risk management, and audit systems are adapted to each regional mutual based on its organisation, its activities and its resources, under the authority of the Executive Management. The Group Risk Management and Permanent Control/Compliance Departments support the regional mutuals in monitoring and rolling out Group standards.

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

Reinsurance of the regional mutuals is provided by Groupama SA in accordance with the conditions defined in the Reinsurance Agreement. For the risks related to the distribution of banking products and life insurance, the regional mutuals apply the risk management procedures defined by Groupama Banque and Groupama Gan Vie.

1.2 Groupama SA and its subsidiaries

Subsidiary risk is subject to triple monitoring

- Inter-company monitoring by the Groupama SA business, functional or support departments specialising in the area in question, as indicated above
- On-going monitoring by the services of the division to which it is attached:
  - Group Finance Department for financial subsidiaries;
  - Insurance, Banking and Services Department for the service subsidiaries and Groupama Banque;
  - French Subsidiaries Department for French insurance subsidiaries;
  - International Subsidiaries Department for foreign subsidiaries;
- Monitoring by each subsidiary or Groupama SA inter-company venture as part of the responsibility of its officers and in accordance with Group standards. Following the example of the regional mutuals, the Group 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.

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

The primary mission of the Board of Directors of Groupama SA, and more particularly of the Audit and Risks Committee, of which independent Directors make up one half, is to review the consistency of the internal control procedures, to monitor risks, ensure ethical compliance, review internal audit work, and prepare the annual report on internal control. Since 27 April 2011, the missions of the Audit Committee have been expanded to monitor risk management policy, procedures and systems. On this occasion, the committee changed its name to the Audit and Risk Committee. At the end of 2011, the authorisation thresholds on investment assets beyond which investment operations must obtain prior authorisation from the Groupama SA board of directors were revised. Similarly, successive semi-annual presentations to the Audit and Risk Management Committee then to the Board of the financial investment management assessment for the past period as well as financial investment policy guidelines for the coming half-year period have been established.

1.3 Group

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

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

For the risk management function:

- Development of the Group's risk policy
- Definition of the process for setting the Group's risk tolerance (risk limits)
- Implementation of the ORSA process (Own Risk and Solvency Assessment: internal assessment by the company of its risks and its solvency situation)
- Monitoring of major group risks (RMG)
- Contribution to regulatory reports
- Assessment and rating of insurance and financial risks, including sensitivity analyses and stress tests.

For the permanent control/compliance function:

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

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

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

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

In addition, the Group Management Control Department is responsible for the ongoing monitoring of results and achievement of the Group's objectives based on a process of estimated management common to all entities.
This monitoring system also involves business reviews of subsidiaries conducted by the Executive Management of Groupama SA with biannual business reviews. These reviews include a specific "risk" section that presents, by entity, the level of deployment of the internal control system and the principal work in progress in terms of risk management.

2. Insurance risks

2.1 Prudential oversight

Pursuant to European Directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined Group.

2.2 Objectives for managing risks resulting from insurance policies and methods to limit these risks

The Group's insurance business exposes it to risks primarily related to product design, underwriting, claims management, valuation of reserves, and reinsurance.

2.2.1 Product design

Most of Groupama's business lines are subject to strong and increasing competition from other insurance companies, bancassurance companies, and mutual insurance companies. This fierce competition places great pressure on the price of certain Groupama products and services and therefore on its income. The insurance divisions of Groupama SA ensure that the product line is adapted to the Group's strategy. Life and non-life insurance products are designed by the business units of Groupama SA and Groupama Gan Vie on behalf of the Group's companies. This design is the result of market and profitability studies performed with actuarial tools to control margins in collaboration with the actuarial department of the Group. Product launches or changes are carried out based on a standard process and are adapted by division (regional mutuals, French subsidiaries, international subsidiaries).

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

2.2.2 Underwriting and claims management

Assignment of powers for underwriting and claims are defined in all of the Group's companies. Risks are accepted or refused at every level, based on underwriting guidelines that include the Group's underwriting and commercial policies. Underwriting in particular is secured through a cross Managerial control procedure and through integrated controls performed implicitly by the IT system.

Claims management procedures are defined on a standard basis throughout the Group, and are regularly updated in procedural specifications governing the management of bodily injury and property damage claims. Moreover, the integration of processing within the IT systems of the entities ensures that management actions are performed. Claims management includes a review of claims files starting at an average commitment threshold. In addition, claims settlement activity is safeguarded by an internal control procedure.

The Group's insurance business is explicitly or implicitly monitored using analytic procedures, such as regular analysis of the results of each entity and monitoring underwriting statistics and claims rates by entity. The most significant and most complex risks are individually monitored by the specialist divisions and the entities concerned. In addition, these specialist divisions also act to warn and advise the entities.

2.2.3 Valuation of reserves

In accordance with the practices of the insurance sector and with accounting and regulatory requirements, Groupama recognises technical reserves to cover claims and its property and life insurance business lines.

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

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

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

The calculation of technical reserves in life insurance and certain technical reserves in non-life insurance is also based on the use of an interest rate known as the "technical interest rate", the conditions of which are fixed in France by the Insurance Code. This rate particularly determines a maximum level by reference to the average rate for government borrowings (the TME), which is used to set rates for policies and calculate the insurer's commitments to policyholders. The terms and conditions vary based on the type of policy and the duration of the commitments.

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

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

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

In millions of euros	31.12.2013			31.12.2012
	France	International	Total	Total
Fixed-rate guaranteed commitments	41,332	2,682	44,013	45,746
Variable-rate guaranteed commitments	7,583	24	7,607	6,798
Unit-linked and other products without rate commitment	5,365	699	6,064	5,115
Total	**54,280**	**3,405**	**57,684**	**57,659**

The proportion of variable-rate commitments (13.2%), generally a function of an index based on the T.M.E., and commitments with no rate guarantee (10.5%) is up 3 points.

2.2.4 Reinsurance

Reinsurance is organised on two levels. The Internal Reinsurance performed by Groupama SA for all Group entities is designed to optimise retentions for each entity. The external reinsurance defines the optimum reinsurance structure for the Group and the level of risk coverage on the bases of computer models. External reinsurance policies are renegotiated and renewed each year by Groupama SA on behalf of the entire Group. Moreover, selection rules defined in the securities in reinsurance committee, which is composed particularly of the External Outward Reinsurance Division of Groupama SA and the Group Risk Management Department, which are based on the ratings from ratings agencies, are designed to control the default risk of reinsurers.

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

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

2.3 Terms and conditions of the insurance policies which have a material impact on the amount, maturities, and uncertainty of the insurer's future cash flows

2.3.1 General description

The Group offers a broad range of non-life insurance products designed for individuals, institutions and businesses. The motor, individual, professional and agricultural property damage policies offered by the Group are generally one-year contracts with tacit renewal, which include third-party liability coverage.

The Group offers a full line of life insurance products: this offer is packaged for individuals in the form of individual policies and for businesses in the form of group policies.

The main individual insurance policies in euros offered to our clients are savings policies, term life policies, mixed insurance policies, deferred annuity policies with mandatory withdrawal in annuities, and deferred capital contracts with return of premiums.

The group policies offered by the Group are essentially defined contribution pension plans and pension contracts by collective capitalisation in points with guaranteed point value.

The Group also sells multi-component policies with one investment component in euros and one or more components in units of account.

2.3.1.1 Specific features of certain non-life insurance policies

As with other insurers, the income and financial position of Groupama may be affected quite significantly by the unanticipated and random occurrence of natural or man-made events, such as floods, drought, landslides, storms, earthquake, riots, fire, explosions, or acts of terrorism. For example, the storm suffered by France in December 1999 resulted in major damage and a significant increase in compensation claims by Groupama clients. Climate changes that have occurred in recent years, specifically global warming, have contributed to increasing the unpredictable nature and frequency of climate events and natural events in regions where Groupama is active, particularly in Europe, and have created new uncertainty as to Groupama's future risk trends and exposure.

Groupama is implementing a reinsurance programme to limit the losses it is likely to suffer as a result of events or other events affecting its underwriting results. The reinsurance programmes implemented by Groupama transfer a portion of the losses and corresponding expenses to the reinsurers. These programmes are supplemented by the issuance of a "cat bond" on the high tranche of the force-of-nature protections. However, as an issuer of policies covered by reinsurance policies, Groupama remains committed to all its reinsured risks. Reinsurance policies therefore do not relieve Groupama of the obligation to settle claims. The Group remains subject to risks related to the credit situation of reinsurers and its ability to obtain the payments due from them. Moreover, the reinsurance offering, the amounts that may be covered, and the cost of coverage depend upon market conditions and are likely to vary significantly.

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

2.3.1.2 Specific features of certain life insurance policies and financial contracts

➢ **Discretionary profit-sharing clause**

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

➢ **Early redemption option**

Most of the savings and retirement products may be surrendered by the policyholders at a value defined by the policy before maturity. Large redemptions may have significant impact on the results or the solvency in certain unfavourable environments.

➢ **Specific features of unit-linked policies**

Most unit-linked policies sold by Groupama do not generally provide for contractual performance. Under these conditions, the policyholder alone directly assumes responsibility for the investment risk. Certain policies may provide for a minimum redemption guarantee in case of the death of the policyholder.

2.3.1.3 Mortality and longevity risk

In life insurance, the payment of benefits depends on the death or the survival of the policyholder. It is the occurrence of one or the other of these events that gives the right to payment of a benefit. The probability that these events will occur is estimated through experiential or regulatory statistical tables. In most cases, reserves are calculated using the regulatory tables based on statistics of population change. These tables are regularly revised to take demographic changes into account. The profits or shareholders' equity is potentially exposed to risk if demographic change deviates from experience with regard to these funding tables.

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

In millions of euros	31.12.2013			31.12.2012
	France	International	Total	Total
Actuarial reserves for life annuities	9,403	11	9,414	8,649
Actuarial reserves for non-life annuities	2,231	24	2,255	2,144
Total	**11,634**	**36**	**11,669**	**10,793**

2.4 Information on concentrations of insurance risk

The Group is potentially facing a concentration of risks that will accumulate.

There are two types of overlapping risks:

- the risk of underwriting overlaps in which the insurance policies are underwritten by one or more of the Group’s entities for the same risk,
- the risk of claim overlaps in which the insurance policies are underwritten by one or more entities of the Group on different risks, which may be affected by claims resulting from the same loss event, or the same initial cause.

2.4.1 Identification

Overlapping risks can be identified at the time of underwriting or during ongoing management of the portfolio.

A major role in the process of identifying overlaps during underwriting is assumed by the Group, through risk inspections, verification of the absence of overlapping co-insurance or inter-network insurance lines, identification of overlapping commitments by site.

In addition, the underwriting procedures for certain risk categories help to control overlapping risks at the time of underwriting. The procedures applicable to property damage underwriting include:

- the verification of overlapping geographical risks at the time of underwriting for major risks (agricultural risks, agri-business risks, industrial risks, municipalities);
- initial elimination during the underwriting process of cases of inter-network co-insurance overlapping risks. These directives are defined in internal procedural guidelines.

The procedures in force for managing overlapping portfolio risks cover:

- identification of the inter-network co-insurance overlapping risks;
- inventories of commitments by site for agri-business risks; in addition, high-risk business sectors for which the Group insures the property damage and/or third-party liability risks are specifically monitored by the relevant specialist Insurance Division;
- statements of commitments for risks of storms, hail, greenhouses, frost and commercial forestry, which are used to calculate the exposure of these portfolios to storm risk.

2.4.2 Protection

Protection consists of implementing reinsurance coverage which will first be adapted to the total amount of the potential loss and, second, corresponds to the kind of risk covered. The loss may be human in origin (fire, explosion, accident involving people) or of natural origin (weather event, such as storm, hail, etc.).

In the case of a human risk that affects either a risk overlap insured by the same entity or risks insured by different entities of the Group, it is the responsibility of the entities to set the necessary coverage limits. The underwriting limits (maximum values insured per risk in property insurance or per person for life and health insurance) are used in the context of catastrophic scenarios and compared with losses that have already occurred. Once these amounts have been defined, they are increased by a safety margin. Moreover, specific monitoring is performed to track the adequacy of the coverage with the risks underwritten.

In the case of a natural event, a needs analysis consists of an initial study on the basis of the reference loss, which is re-evaluated on the basis of the change in the portfolio and the French construction federation (FFB) index. At the same time, simulation calculations of the exposure of the portfolios are performed using stochastic methods that result in the production of a curve showing the change in the potential maximum loss as a function of different scenarios. The results are cross-checked, analysed and discounted every year to allow the Group to opt for appropriate reinsurance solutions with a reduced margin of error.

3. MARKET RISKS

There are several categories of market risks to which Groupama might be subject:

- Interest rate risk;
- Risk of variation in the price of equity instruments (stocks);
- Foreign exchange risk;
- Credit risk.

3.1 Interest rate risk

3.1.1 Type of and exposure to interest rate risk

During a period of interest rate volatility, the Group's financial margins might be affected. Specifically, a drop in interest rates would have a negative effect on the profitability of the investments. As such, during a period of low interest rates, the financial performance of the Group might be affected.

Conversely, in the event of an increase in rates, the Group may have to face a rush of redemptions for these policies, which would lead to the sale of a portion of the bond portfolio under unfavourable market conditions.

The consequences of changes in interest rates would also affect the Group's solvency margin, which is calculated based on financial performance realised during the year as well as on the volume of unrealised capital gains on the financial instruments.

3.1.2 Group risk management

Several years ago, the Group implemented systematic studies on the exposure of the Group's subsidiaries to market risks.

➢ **Asset/liability management**

Asset/liability simulations allow an analysis of the behaviour of the liabilities in different interest-rate environments, particularly the ability to meet the remuneration requirements for the policyholder.
These simulations allow the Group to develop strategies designed to reduce the impact of contingencies on the financial markets on both the results and on the balance sheets.

➢ **Interactions with redemption risk**

Redemption behaviours are sensitive to changes in interest rates: an increase in the rates can lead to an increase in the 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 policy holder's satisfaction and the insurer's risk using strategies that take into account the various reserves available (including cash) and bond management strategies coupled with hedging products.

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

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

➢ **Rate hedges**

- Risk of rate increase

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

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

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

3.1.3 Sensitivity to interest rate risk analysis

Pursuant to IFRS 7, an analysis of accounting sensitivity was carried out at 31 December 2013 with a comparative period.
This analysis applies to year-end balance-sheet postings that show accounting sensitivity to interest rate risk (technical non-life and life liabilities, bond investments, financing debt in the form of bonds). It is not similar to analyses applying to embedded-value-type prospective data.

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

3.1.3.1 Sensitivity of technical insurance liabilities analysis

➢ **Non-life insurance**

Regarding non-life technical liabilities, risk mapping allows the sensitivity of portfolios showing interest rate changes to be analysed, i.e., portfolios of current annuities and temporary payments (individual life and health insurance, and third-party liability insurance premiums). With the exception of increasing annuities and risk reserves for long-term care risk, as non-life insurance technical reserves are not discounted on the consolidated accounts, these amounts are therefore not sensitive to changes in interest rates.

As at 31 December 2013, the amount of the discount in the actuarial reserves for non-life annuities, before reinsurance, was €481 million. The amount of the discount in the reserve for increasing risks on long-term care, before reinsurance, was in the order of €285 million.

The result of the sensitivity to interest rates analyses shows that the Group is not particularly sensitive with regard to all its non-life commitments. The impact of a change of +/-100 basis points, calculated net of tax, is shown in the following table:

In millions of euros	31.12.2013		31.12.2012	
	Interest rate		Interest rate	
	+ 1%	- 1%	+ 1%	- 1%
Impact on profit (net of taxes)	68	(58)	62	(53)
Equity impact (excluding profit)				

➢ **Life insurance policies and financial contracts**

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

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

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

In millions of euros	31.12.2013		31.12.2012	
	Interest rate		Interest rate	
	+ 1%	- 1%	+ 1%	- 1%
Impact on profit (net of taxes)	83	(224)	71	(322)
Equity impact (excluding profit)				

3.1.3.2 Sensitivity of financial investments analysis

The following table shows the impacts on income and on the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of a change up or down of 100 basis points (+/-1%) in interest rates.

The impacts are shown after taking the following factors into consideration:
- The rate of profit sharing of the entity holding the securities;
- The current tax rate.

The tests are conducted based on profit-sharing rates derived from historical observations.

In fiscal year 2013, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 78.11% to 90.79%.

In millions of euros	31.12.2013		31.12.2012	
	Interest Rate Risk		Interest Rate Risk	
	+ 1%	- 1%	+ 1%	- 1%
Impact on the re-evaluation reserve	**(528)**	**584**	**(613)**	**684**
Equities				
Equity UCITS				
Bonds	(491)	544	(578)	646
Rate UCITS	(37)	40	(35)	38
Derivative instruments and embedded derivatives				
Impact on net income	**7**	**(10)**	**16**	**(12)**
Equities				
Equity UCITS				
Bonds	(4)	4	(2)	2
Rate UCITS	(10)	11	(15)	18
Derivative instruments and embedded derivatives	21	(25)	33	(32)

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

3.1.3.3 Financing debt sensitivity analysis

Financing debt posted to liabilities on the Group income statement may be posted to debt or shareholders' equity under IFRS.

In fiscal year 2007, the Group issued perpetual bonds consisting of deeply subordinated instruments (TSS). The features of this issuance meet the criteria to allow the bond to be considered an equity instrument (see Note 21 – Shareholders' equity). Consequently, a sensitivity analysis is not required.

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

Group financing debt is mainly fixed rate. This balance sheet item is therefore not sensitive to potential changes in interest rates.

3.2 Risk of variation in the price of equity instruments (stocks)

3.2.1 Type of and exposure to equity risk

Exposure to equity markets allows the companies to capture the yield on these markets but also exposes them to two major types of risks:

- Accounting reserving risk (reserve for long-term impairment, reserve for contingent payment risks, reserves for financial contingencies);

- The commercial risk brought about by the reserving risk insofar as policyholder compensation could be impacted by the aforementioned reserving.

The weight of equity instruments out of total financial investments (including operating property) was 7.7% in market value, not including option exposures. Most equity instruments are classified in "available-for-sale assets". Equity instruments include:

- equities in French and foreign companies listed for trading on regulated markets. The exposure can also be done in index or option form and possibly in the form of structured products whose performance is partially indexed to an equity index. They may be held directly or within UCITS (FCP and SICAV);

- equities in French and foreign companies that are not listed. They may be held directly or in the form of a venture capital fund ("FCPR").

3.2.2 Group risk management

After a significant reduction in the equity allocation during 2012 (€2 billion in equity sold), the Group's equity risk continued to be actively managed in 2013 mainly through:

- disposal of Eiffage listed participating securities and finalisation of the programme initiated in 2012 involving Société Générale securities

- optimisation of the hedged equity allocation representing a little less than €2 billion as at 31 December 2013, with an increase in its level of hedges at the beginning of the year

- greater geographical diversification of the principal UCITS funds.

The Group manages equities as part of internal constraints under two distinct logics:

- A primary limit fixing the maximum permissible exposure to equity risk

- A set of secondary limits with the objective of limiting the equity portfolio's concentration by sector, issuer, or major type as well as illiquid equity categories.

These limits are observed at the level of each insurance entity and at the group level. Any exceeding of the limits is handled according to whether it is part of an entity or the Group by the corresponding risk committees.

3.2.3 Sensitivity of financial investments to equity risk analysis

The following table shows the impacts on income and the revaluation reserve (classified under shareholders' equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in stock market prices and indices.

The impacts are shown after taking the following factors into consideration:

- The rate of profit sharing of the entity holding the securities;
- The current tax rate.

The tests are conducted based on profit-sharing rates derived from historical observations.

In fiscal year 2013, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 78.11% to 90.79%.

In millions of euros	31.12.2013		31.12.2012	
	Equities risk		Equities risk	
	+10%	-10%	+10%	-10%
Impact on the re-evaluation reserve	**152**	**(152)**	**191**	**(191)**
Equities	64	(64)	89	(89)
Equity UCITS	88	(88)	102	(102)
Bonds				
Rate UCITS				
Derivative instruments and embedded derivatives				
Impact on net income	**23**	**(23)**	**28**	**(28)**
Equities			1	(1)
Equity UCITS	23	(23)	27	(27)
Bonds				
Rate UCITS				
Derivative instruments and embedded derivatives				

3.3 Foreign exchange risk

3.3.1 Exposure to foreign exchange risk

Exposure to foreign exchange risk for subsidiaries in the eurozone corresponds primarily to their assets, subject to exchange rate fluctuations of UCITS or securities denominated in foreign currencies and UCITS denominated in euros applying to foreign-currency securities. In practice, the portfolios are exposed primarily to foreign exchange risks corresponding to the euro rate against the dollar, the yen, the Hungarian forint, the Romanian leu, the pound sterling and the Turkish pound.

Investments made by Groupama, within the context of its strategy of acquiring international subsidiaries, exposes it to the net accounting position of entities with a different functional currency from the euro. To date, this includes the pound sterling, the Turkish pound, the Hungarian forint, the Romanian leu and the Tunisian dinar. These impacts are posted in shareholders' equity, under foreign exchange adjustment.

3.3.2 Managing foreign exchange risk

Foreign exchange risk is currently hedged through forward sales of dollars, yen and Hungarian forint. The documentation is updated at each accounting close. These instruments do not correspond to the accounting notion of hedging as defined by IFRS.

3.3.3 Analysis of exchange rate sensitivity

The following table shows the impacts on income and the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in all currencies against the euro.

The impacts are shown after taking the following factors into consideration:
- The rate of profit sharing of the entity holding the securities;
- The regulatory tax rate of 34.43%.

The tests are conducted based on profit-sharing rates derived from historical observations.

In fiscal year 2013, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 78.11% to 90.79%.

In millions of euros	31.12.2013		31.12.2012	
	Foreign Exchange Risk		Foreign Exchange Risk	
	+10%	-10%	+10%	-10%
Impact on the re-evaluation reserve	**35**	**(35)**	**34**	**(34)**
Equities	10	(10)	9	(9)
Equity UCITS	1	(1)		
Bonds	24	(24)	25	(25)
Rate UCITS				
Derivative instruments and embedded derivatives				
Impact on net income	**0**	**0**	**1**	**(1)**
Equities				
Equity UCITS				
Bonds			1	(1)
Rate UCITS				
Derivative instruments and embedded derivatives				

Hedging effects are not taken into account when calculating sensitivity. Consequently, the numbers listed above represent maximum risk and the actual impact reported in the Group's financial statements is considerably lower.

3.4 Credit risk

The breakdown of the Group bond portfolio by rating and by issuer quality is presented in Notes 6.10.3 and 6.10.4 of the annual financial statements.

The Group manages credit risk as part of internal constraints. The main objective of these constraints is to limit the concentration of issues according to several criteria (country, issuer, ratings, subordinated issues).

These limits are observed at the level of each insurance entity and at the group level. Any exceeding of the limits is handled according to whether it is part of an entity or the Group by the corresponding risk committees.

➢ **Risk on bonds of the GIIPS countries**

The Group's gross exposure to sovereign debt of the GIIPS countries (Greece, Italy, Ireland, Spain, Portugal) amounted to €10,809 million as at 31 December 2013, representing 21% of the interest-bearing product portfolio.

➢ **Managing counterparty risk**

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

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

3.5 Summary of sensitivity to market risks analyses

The following table shows all the sensitivity to market risks analyses for fiscal years 2013 and 2012, broken down by shareholders' equity and income, excluding profit sharing and taxes.

In millions of euros	31.12.2013				31.12.2012			
	Up fluctuation in sensitivity criteria		Down fluctuation in sensitivity criteria		Up fluctuation in sensitivity criteria		Down fluctuation in sensitivity criteria	
	Share-holders' equity	Income	Share-holders' equity	Income	Share-holders' equity	Income	Share-holders' equity	Income
Interest rate risk	**(528)**	**158**	**584**	**(292)**	**(613)**	**149**	**684**	**(387)**
Technical liabilities		151		(282)		133		(375)
Financial investments	(528)	7	584	(10)	(613)	16	684	(12)
Financing debt								
Equities risk	**152**	**23**	**(152)**	**(23)**	**191**	**28**	**(191)**	**(28)**
Financial investments	152	23	(152)	(23)	191	28	(191)	(28)
Foreign exchange risk	**35**		**(35)**		**34**	**1**	**(34)**	**(1)**
Financial investments	35		(35)		34	1	(34)	(1)

We note that the sensitivity criteria applied were the following:

- Up or down fluctuation of 100 basis points, for interest rate risk;
- Up or down fluctuation of 10% in the stock market indices, for stock risk; and
- Up or down fluctuation of 10% in all currencies against the euro, for exchange rate risk.

4. LIQUIDITY RISK

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 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 2013, the liquidity risk was greatly reduced by the available cash and the mandatory unrealised capital gains present in the portfolio.

4.3 Financial investment portfolio by maturity

The profile of the annual maturities of the bond portfolios is listed in Note 6.10.2 of the annual financial statements.

4.4 Technical liabilities related to insurance policies and liabilities related to financial contracts by maturity

The profile of annual maturities of the technical liabilities related to insurance policies is the following:

In millions of euros	31.12.2013				31.12.2012			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Non-life technical reserves	6,161	3,472	5,387	15,021	5,700	3,677	5,505	14,883
Life technical reserves - insurance policies excluding unit-linked items	2,965	6,155	24,135	33,255	2,853	5,334	23,724	31,911
Technical liabilities related to financial contracts with discretionary profit sharing excluding unit-linked items	1,502	3,935	13,101	18,539	1,561	3,716	15,584	20,860
Technical liabilities related to financial contracts without discretionary profit sharing excluding unit-linked items	7			7	7			7
Reserve for deferred profit-sharing liability	87		241	328	42		162	204
Total technical insurance liabilities and liabilities for financial contracts	**10,723**	**13,562**	**42,865**	**67,149**	**10,163**	**12,727**	**44,975**	**67,865**

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

4.5 Financing debt by maturity

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

5. Risk of reinsurer insolvency

Outward reinsurance consists of transferring to the reinsurer a portion of the risks accepted by the ceding company. They are regularly reviewed to monitor and limit the credit risk on third-party reinsurers. The reinsurance securities committee examines and approves the list of reinsurers accepted for all external outward reinsurance.

This list is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment. For any given reinsurance placement, any reinsurer approached for an outward reinsurance outside Groupama must first be on the list of the Group security committee.

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

Transferred insurance technical reserves and recoverables are shown below, by rating, according to the three largest rating agencies (Standard & Poor's, Fitch Ratings, Moody's).

In millions of euros	31.12.2013						
	AAA	AA	A	BBB	< BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves	6	864	195			263	1,329
Share of reinsurers in life insurance reserves		7,019	1			61	7,081
Share of reinsurers in reserves for financial contracts with discretionary profit sharing							
Share of reinsurers in reserves for financial contracts without discretionary profit sharing							
Receivables from outward reinsurance transactions	16	40	7	5		108	176
Total	**22**	**7,923**	**204**	**6**		**432**	**8,586**

In millions of euros	31.12.2012						
	AAA	AA	A	BBB	< BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves		796	211	1	4	380	1,393
Share of reinsurers in life insurance reserves		9	9			30	48
Share of reinsurers in reserves for financial contracts with discretionary profit sharing							
Share of reinsurers in reserves for financial contracts without discretionary profit sharing							
Receivables from outward reinsurance transactions	23	4	7		1	191	226
Total	**23**	**809**	**227**	**1**	**6**	**602**	**1,668**

The total share of unrated reinsurers corresponds primarily to outward reinsurance to professional reinsurance pools, especially ASSURPOL, ASSURATOME, GAREAT, Réunion Aérienne and Réunion Spatiale, which are not subject to any rating.

6.1 Operational risks

Operational risk management is carried out in conformity with the operational risk policy, and broken down by Group risk policy (see point 1).

The operational risk control system, broken down by all Group entities, using a process-based approach, is based on three levels of control with responsibility and control plans appropriate for each level:

- internal-check type permanent monitoring of the operational level and permanent management control;
- permanent controls operated by the Permanent Control/Compliance Function of each entity;
- periodic controls undertaken by internal audit of each entity.

The operational risk management system of Groupama is based on:

- the Group business continuity policy, formalised at the end of 2013, which serves as a reference for crisis management systems and Business Continuity Plans (BCP). Three BCPs have been identified:
  . an Unavailability of Human Resources BCP, which integrates the Pandemic BCP provides for business continuity in the event of a light pandemic (no modification of operations) or a severe pandemic (degraded operation);
  . an Unavailability of Real Estate BCP;
  . an Information Systems BCP which provides for business continuity despite a major incident affecting the IT system;

- the definition of internal management rules and operational procedures defining the manner in which the activities of Groupama SA must be conducted. They are appropriate to each business line and each key process. On the basis of Group benchmarking of processes and Group classification of operational risks at every stage of the business line and functional processes, operational risks are identified and related controls are laid down and standardised across the Group. These controls, being deployed in each entity, provide the basis for strengthening level 1 and level 2 controls.

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

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

6.2 Legal and regulatory risk

The legal and regulatory risks are managed as part of Group system compliance, which is defined by the Group compliance charter validated by the governing bodies of the Group. The system in place, directed by the compliance charter, aims to ensure that all Group practices comply with legal provisions, administrative regulations and requirements and professional standards, as well as the Group’s internal rules, charters and procedures.

The permanent control procedures designed to ensure the conformity of all Groupama SA operations are based on the main mechanisms described below.

6.2.1 Compliance with Company law and the French Commercial Code

The Legal Department, under the supervision of the Company Secretary, manages Groupama SA’s legal affairs and those of its subsidiaries and provides legal advice as needed to all the French legal entities of Groupama SA. Within this framework, it ensures the legal safety of its operations and its Directors and executives. Permanent checks on the effective implementation of administrative legal procedures are based on ongoing monitoring systems on an individual entity basis.

6.2.2 Application of insurance law and regulations governing the insurance business

The Legal Department within the Corporate Secretary of Groupama SA ensures, particularly on behalf of the business divisions of Groupama SA, the French insurance subsidiaries, as well as the regional mutuals:

- a function of monitoring and analysing legislation and case law and other standards (FFSA professional standards, ACPR recommendations) having an impact on the insurance business; (marketing, communication, advertising, development, subscription, execution and termination of insurance products, etc.);

- the necessary anticipation and support to implement new regulations for this activity;

- information (notes, circulars, working groups, dissemination of a quarterly bulletin of legal information in connection with customer protection);

- validation of new insurance policies developed by the business departments well as the modifications made to existing policies;

- development and validation of distribution and partnership agreements in connection with insurance and other services;

- legal and tax advice (tax products);

- relations with the administrative authorities for control and support as part of these controls and any resulting consequences on the insurance business.

6.2.3 Other areas

Specific procedures have been set up to meet special requirements:

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

- with regard to fighting money laundering and terrorist financing, the entities are incorporating into their procedures the legal obligations and professional recommendations in this area. The permanent control/compliance and risk management procedures are based on knowledge of the customer base, but also on a set of controls performed prior to the transaction, then after the transaction by analysing the information databases for past transactions. In addition, the Group Legal Department, working with a network of officers responsible for anti-money laundering and terrorist financing activities in the insurance, banking and asset management subsidiaries in France and internationally, and the regional mutuals, ensures the Group coordination and is responsible for monitoring Group compliance with anti-money laundering obligations (changes in regulatory provisions, harmonisation and consistency of procedures, performance indicators, steering of IT projects and training bags);

- in application of the Data Protection Act, the compliance system makes use of the Group Data Protection Correspondent named by the French National Information Technology and Freedom Commission ("CNIL") and on the network of internal correspondents: one correspondent per entity and nine for Groupama SA in areas implementing sensitive processes. This network changes based on the Group's organisational modifications;

- with regard to the protection of medical data, Group recommendations are disseminated by the Groupama SA business division concerned or entity concerned. The implementation of these recommendations is the responsibility of the various Group entities (regional mutuals and subsidiaries), in partnership with the medical officers, in collaboration with the Group compliance function, the Group Data Protection Correspondent and the Claims and Cost Control division of the Insurance, Banking and Services department;

- with regard to the protection of customers, in accordance with instruction 2012-I-07 of 13 December 2012 of the ACPR, the application of customer protection rules and their insertion into the internal control system are now presented in a dedicated questionnaire that must be communicated to the supervisory authority each year.

6.3 Tax risks

The role of the Group's Tax Department is to provide information and monitor regulations for all the entities of the Group. It is also regularly questioned about specific technical points and is involved in preparing the end-of-year financial statements. In this capacity, it ensures that the tax consolidation rules are applied (Article 223 A et seq. of the General Tax Code) for the Group and, working with the Group accounting department, prepares the report on the tax position of the consolidated companies. It also helps to implement documentation and archiving procedures in terms of computerised accounting records, as required under tax law, particularly as part of dedicated "CFCI" (Computerised Accounting Tax Audit) committees for each French entity. Lastly, it facilitates, within a steering committee, efforts to ensure that the Group is in compliance with the US Foreign Account Tax Compliance Act ("FATCA") with a view to its entry into force in 2014.

7.1 General presentation

Risk management is inherent in banking business. Groupama Banque's risk policy falls under its affiliation with the Groupama Group and the organisation's strategic development choices, which are an integral part of the Group's strategy. In accordance with regulations, including Titles IV and V of amended Regulation CRBF 97-02, as amended, the Bank's Management Committee, acting on proposals made by the risk 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, Operating Risk, and Market, Interest Rate, and Liquidity Risk Departments also analyse and monitor risk and carry out the necessary controls and reporting within a number of committees: the Credit Committee, the Risk Management and Control Committee, the ALM, Customer Rate, and Market Risk Committee and the Management Committee. They also recommend policy adjustments according to what they anticipate in terms of risk to the bank and changes in the economic and regulatory environment.

7.2 Credit risk

Credit risk is defined as the risk of incurring financial losses because of a debtor's inability to pay its contractual liabilities. Credit risk is manifested in client lending activity, as well as in other circumstances when the bank faces counterparty default in market transactions.

- **Decision-making procedure**

A process approved by the Bank's Management Committee is described in a permanent instruction known as the "credit risk policy". This covers the products and services offered, terms and conditions of customer selection, and rules regarding the granting of credit according to customer type. The credit decision-making process is based on a set of delegations, the highest body being the Credit Committee. The delegations are classified by amount according to customer category and commitment type.

The granting of credit or any commitment made with regard to a counterparty (such as a guarantor) that takes effect through an authorisation must fall within specific limits and comply with the rules of risk diversification. These limits are revised annually and more frequently if necessary. They are reviewed by the Credit Committee and must be approved by the Management Committee.

Accordingly, several types of limit have been defined: individual limits by amount according to type of counterparty, limits by amount according to type of customer and product, specific limits for Groupama entities and, lastly, regulatory limits for major risks pursuant to Article 1 of CRBF Regulation 93-05, as amended.

- **Oversight procedure**

Oversight of credit risks is carried out within the financial risk management department, whose responsibility is to ensure conformity with decisions, the reliability of reporting data, and the quality of risk monitoring. As part of its "credit risk monitoring", the Credit Committee meets each quarter to:

- monitor outstanding amounts, limits and guarantees;
- review important commitments through an in-depth analysis carried out at least annually;
- take note of the analysis of the burden and cost of quarterly risk;
- examine the observations and recommendations of the Risk Management Department following the analysis of the burden and cost of the risk.

- **Impairment procedure**

Procedures are adapted differently for retail banking customers and customers monitored in the portfolio. As part of its quarterly "monitoring of sensitive commitments and reserves", the Credit Committee:

- reviews all sensitive commitments;
- examines doubtful cases for all facilities, excluding consumer credit granted to retail banking customers, and decides on potential litigation and reserve levels;
- periodically updates the litigation reserve level rate with respect to retail banking customers;
- for all markets, determines the merits of establishing a collective reserve on healthy debt and, where applicable, calculates its amount.

7.3 Market risks

The market, interest rate, and liquidity risk management division produces a daily market risk performance indicator using independent front office calculations. Portfolio income is calculated and compared with the observation thresholds. Sensitivities (in euros for a rate increase of 1 bp) are calculated daily, and the market, interest rate, and liquidity risk management division control ensures that the limits defined by the Management Committee are respected. Stress scenarios are also simulated on the various portfolios.

The market, interest rate, and liquidity risk management division provides a daily report on the foreign exchange accounting position to the operating divisions, line management and members of the Management Committee concerned.

It also carries out foreign exchange trading on a daily basis. It ensures that no position exceeds the limits set by the Management Committee and calculates the result.

The trading room has no position in the equity market. It only acts as an intermediary on behalf of customers.

- **Setting and complying with limit**

The Management Committee revises limits annually. It can also decide on an immediate limit increase, in case of a particular need associated with a new business line, or decrease, in case of problems on the financial market.

The Management Committee is advised quarterly of risk and income valuations, compliance with limits, any counterparty default and any event likely to affect the bank's risk level.

- **Payment risk**

The bank can assess at any time its resources in securities or cash that is directly available allowing it to meet its commitments. It has available securities at Banque de France allowing it to carry out pension transactions in order to ensure intraday or overnight liquidity.

- **Foreign exchange risk**

This is the risk that the value of an instrument or of one of the items of its future results will fluctuate because of changes in foreign currency rates.

The bank does not take positions in foreign currencies. Its activity is maintained well below the threshold that requires prudential supervision of foreign exchange risk.

- **Liquidity risk**

The policy for managing liquidity risk includes making sure Groupama Banque can honour its commitments at all times with regard to its customers, meet prudential standards, maintain the cost of its refinancing at the lowest level and handle any liquidity shortages.

The bank monitors its liquidity risk on a daily basis at the level of the Treasury and Capital Markets Department, on a weekly basis at the level of the Steering Committee, and on a monthly basis through the ALM, Customer Rate, and Market Risk Committees. It periodically establishes crisis scenarios and ensures the capacity to meet any crises that occur.

The size and nature of the bank's balance sheet, as well as its resource structure from its various customers in excess of the amount of loans issued, mean that the bank has little exposure to liquidity risk. The main sources of financing are therefore structural: shareholders' equity, current accounts and special scheme accounts. The bank also has a pool of securities that meet Central Bank eligibility requirements, which permit self-financing over the short-term and the possibility of using Group surpluses.

The liquidity coefficient exceeds the regulatory minimum.

7.4 The annual percentage rate risk (ALM)

Pursuant to Article 29 of chapter III – section IV of Regulation 97-02, as amended, the bank has decided to remove from the scope of the overall risk assessment those transactions for which it assesses market risk.

Balance sheet elements that do not generate market risk and show some sensitivity to changes in interest rates are grouped together in the bank's fixed-rate section of the balance sheet, which itself is divided into four main sections: shareholders' equity, commercial banking, group company banking, and management of structural and cash surpluses.

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 was revised in 2013 and is fixed at +/-€60 million. During fiscal year 2013, this limit was never reached, and no hedge was put in place. At 31 December 2013, the sensitivity thus calculated was -€7.4 million.
Furthermore it should be noted that the ALM Committee also follows, on a monthly basis, the impact of a conversion of -100 bp and +100 bp, and the impact of a steeping or flattening of the interest-rate curve, retained as additional indicators.

A second limit on the bank's profit over two rolling years is monitored. It is set at +/-€6 million over 12 months and €14.5 million over 24 months, for a conversion of the yield curve of +100 bp. This sensitivity amounted to -€2.7 million over 12 months and -€4.2 million over 24 months as at 31 December 2013. The limits were not reached during fiscal year 2013.

7.5 Operating risks

The operational risk management policy is based on the standard method of the Basel II agreement. It identifies risks inherent in each business line (bottom-up approach), periodically assesses their criticality (mapping of operational risks and scenario modelling) and inventories incidents that have occurred. This approach is complemented by a system of reporting and warnings and measures to improve existing control procedures.

➢ **Business Continuity Plan**

The Business Continuity Plan (BCP) is organised around several mechanisms, which includes:
- activation of a crisis cell;
- back-up of IT systems;
- the availability of a disaster recovery site.

The BCP is updated regularly and technical and user installation tests are conducted several times a year for the backup sites.

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

The principal changes in the scope of consolidation are the following:

Inclusion in the scope of consolidation

None.

Eliminations from the scope of consolidation

Groupama Private Equity was the subject of a sale agreement and was eliminated from the scope of consolidation effective 1 January 2013.

CNF was the subject of a simplified merger in favour of Groupama Gan Vie.

Transfer of activity

None.

	Business sector	Country	31.12.2013			31.12.2012		
			% control	% interest	Method	% control	% interest	Method
GROUPAMA Méditerranée	Insurance	France	-	-	A	-	-	A
GROUPAMA Centre Manche	Insurance	France	-	-	A	-	-	A
GROUPAMA Grand Est	Insurance	France	-	-	A	-	-	A
GROUPAMA OC	Insurance	France	-	-	A	-	-	A
MISSO	Insurance	France	-	-	A	-	-	A
GROUPAMA Loire Bretagne	Insurance	France	-	-	A	-	-	A
GROUPAMA Paris Val-de-Loire	Insurance	France	-	-	A	-	-	A
GROUPAMA Nord-Est	Insurance	France	-	-	A	-	-	A
CAISSE des producteurs de tabac	Insurance	France	-	-	A	-	-	A
GROUPAMA Rhône-Alpes-Auvergne	Insurance	France	-	-	A	-	-	A
GROUPAMA Centre Atlantique	Insurance	France	-	-	A	-	-	A
GROUPAMA Antilles-Guyane	Insurance	France	-	-	A	-	-	A
GROUPAMA Océan Indien et Pacifique	Insurance	France	-	-	A	-	-	A
CLAMA Méditerranée	Insurance	France	-	-	A	-	-	A
CLAMA Centre Manche	Insurance	France	-	-	A	-	-	A
CLAMA Grand Est	Insurance	France	-	-	A	-	-	A
CLAMA OC	Insurance	France	-	-	A	-	-	A
CLAMA Loire Bretagne	Insurance	France	-	-	A	-	-	A
CLAMA Paris Val-de-Loire	Insurance	France	-	-	A	-	-	A
CLAMA Nord-Est	Insurance	France	-	-	A	-	-	A
CLAMA Rhône-Alpes-Auvergne	Insurance	France	-	-	A	-	-	A
CLAMA Centre Atlantique	Insurance	France	-	-	A	-	-	A
CLAMA Antilles-Guyane	Insurance	France	-	-	A	-	-	A
CLAMA Océan Indien et Pacifique	Insurance	France	-	-	A	-	-	A
GIE GROUPAMA Supports et Services	EIG	France	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA S.A.	Holding	France	99.95	99.95	FC	99.95	99.95	FC
GROUPAMA HOLDING	Holding	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA HOLDING 2	Holding	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA GAN VIE	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
GAN PATRIMOINE	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
CAISSE FRATERNELLE D'EPARGNE	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.78	99.73	FC	99.78	99.72	FC
ASSUVIE	Insurance	France	50.00	49.97	FC	50.00	49.97	FC
GAN PREVOYANCE	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA ASSURANCE CREDIT	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	99.95	FC	100.00	99.95	FC
GAN ASSURANCES	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
GAN OUTRE MER	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
LA BANQUE POSTALE	Insurance	France	35.00	34.98	EM	35.00	34.98	EM
AMALINE ASSURANCES	Insurance	France	100.00	99.95	FC	100.00	99.95	FC
CEGID	Insurance	France	26.89	26.87	EM	26.89	26.87	EM
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	99.95	FC	100.00	99.95	FC
GÜNES SIGORTA	Insurance	Turkey	36.00	35.98	EM	36.00	35.98	EM
GROUPAMA SIGORTA	Insurance	Turkey	98.81	98.76	FC	98.81	98.76	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	100.00	99.43	FC	90.89	90.32	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA POISTOVNA SLOVAQUIE	Insurance	Slovakia	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA ZIVOTNA SLOVAQUIE	Insurance	Slovakia	100.00	99.95	FC	100.00	99.95	FC
STAR	Insurance	Tunisia	35.00	34.98	EM	35.00	34.98	EM
GROUPAMA ZASTRAHOVANE NON LIFE	Insurance	Bulgaria	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA GARANCIA BIZTOSITO	Insurance	Hungary	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA PHOENIX Hellenic Asphalistike	Insurance	Greece	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA AVIC PROPERTY INSURANCES CO	Insurance	China	50.00	49.98	EM	50.00	49.97	EM
GUK BROKING SERVICES	Holding	UK	100.00	99.95	FC	100.00	99.95	FC
CAROLE NASH	Ins. brokerage	UK	100.00	89.96	FC	100.00	99.95	FC
BOLLINGTON LIMITED	Ins. brokerage	UK	49.00	48.98	EM	100.00	99.95	FC
HALVOR	Ins. brokerage	UK				100.00	99.95	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Business sector	Country	31.12.2013			31.12.2012		
			% control	% interest	Method	% control	% interest	Method
COMPUCAR LIMITED	Ins. brokerage	UK	49.00	48.98	EM	100.00	99.95	FC
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA SEGUROS PORTUGAL	Insurance	Portugal	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA ASSET MANAGEMENT	Asset management	France	100.00	99.41	FC	100.00	99.40	FC
GROUPAMA PRIVATE EQUITY	Asset management	France				100.00	99.40	FC
GROUPAMA BANQUE	Banking	France	99.45	99.41	FC	99.45	99.40	FC
GROUPAMA EPARGNE SALARIALE	Asset management	France	100.00	99.41	FC	100.00	99.40	FC
GROUPAMA IMMOBILIER	Asset management	France	100.00	99.41	FC	100.00	99.40	FC
HOLDCO	Real estate	France	24.93	24.92	EM	24.93	24.92	EM
COMPAGNIE FONCIERE PARISIENNE	Real estate	France	99.97	99.93	FC	99.97	99.92	FC
SCI DEFENSE ASTORG	Real estate	France	100.00	99.93	FC	100.00	99.92	FC
GAN FONCIER II	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
IXELLOR	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
79 CHAMPS ELYSÉES	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
CNF	Real estate	France				100.00	99.95	FC
RENNES VAUGIRARD	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
SOCIETE FORESTIERE GROUPAMA	Real estate	France	100.00	99.96	FC	100.00	99.95	FC
OPCI OFI GB2	UCITS	France	100.00	99.93	FC	100.00	99.92	FC
SCI GAN FONCIER	Real estate	France	100.00	98.87	FC	100.00	98.87	FC
VICTOR HUGO VILLIERS	Real estate	France	100.00	98.64	FC	100.00	98.64	FC
1 BIS FOCH	Real estate	France	100.00	98.84	FC	100.00	98.84	FC
SCI TOUR GAN	Real estate	France	100.00	98.80	FC	100.00	98.80	FC
16 MESSINE	Real estate	France	100.00	98.85	FC	100.00	98.84	FC
40 RENE BOULANGER	Real estate	France	100.00	98.85	FC	100.00	98.84	FC
9 MALESHERBES	Real estate	France	100.00	98.85	FC	100.00	98.84	FC
97 VICTOR HUGO	Real estate	France	100.00	98.85	FC	100.00	98.84	FC
44 THEATRE	Real estate	France	100.00	98.85	FC	100.00	98.84	FC
261 RASPAIL	Real estate	France	100.00	99.93	FC	100.00	99.92	FC
5/7 PERCIER (SASU)	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
GAN INVESTISSEMENT FONCIER	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
SCA CHATEAU D'AGASSAC	Real estate	France	100.00	99.99	FC	100.00	99.98	FC
LES FRERES LUMIERE	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
CAP DE FOUSTE (SCI)	Real estate	France	100.00	99.97	FC	100.00	99.96	FC
150 RENNES (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
DOMAINE DE NALYS	Real estate	France	100.00	99.97	FC	100.00	99.95	FC
99 MALESHERBES (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
3 ROSSINI (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
CHAMALIERES EUROPE (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
102 MALESHERBES (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
PARIS FALGUIERE (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
DOMAINE DE FARES	Real estate	France	50.00	49.98	EM	50.00	49.98	EM
12 VICTOIRE (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
LABORIE MARCENAT	Real estate	France	74.10	74.07	EM	74.10	74.05	EM
SCIMA GFA	Real estate	France	100.00	99.98	FC	100.00	99.95	FC
38 LE PELETIER (SCI)	Real estate	France	100.00	99.95	FC	100.00	99.95	FC
SCI CHATEAU D'AGASSAC	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SA SIRAM	Real estate	France	90.07	90.07	FC	90.07	90.07	FC
GROUPAMA PIPACT	Real estate	France	100.00	99.98	FC	100.00	99.95	FC
FRANCE-GAN I D	UCITS	France	45.71	45.71	EM	42.91	42.89	EM
ASTORG STRUCTUR GAD D	UCITS	France	100.00	100.00	FC			
GROUPAMA TRESORERIE IC C	UCITS	France	20.20	20.20	EM			
GROUPAMA CREDIT EURO LT I C	UCITS	France				64.40	64.37	FC
ASTORG CTT C	UCITS	France	99.77	99.72	FC	100.00	99.95	FC
GROUPAMA AAEXA D	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
ASTORG EURO SPREAD D	UCITS	France	100.00	99.95	FC	100.00	99.95	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Business sector	Country	31.12.2013			31.12.2012		
			% control	% interest	Method	% control	% interest	Method
WASHINGTON EURO NOURRI 10 FCP	UCITS	France	99.83	99.78	FC	99.83	99.76	FC
WASHINGTON EURO NOURRI 9 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 8 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 7 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 6 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 5 FCP	UCITS	France	83.33	83.29	FC	83.33	83.29	FC
WASHINGTON EURO NOURRI 4 FCP	UCITS	France	99.62	99.57	FC	99.62	99.57	FC
WASHINGTON EURO NOURRI 3 FCP	UCITS	France	99.62	99.57	FC	99.62	99.57	FC
WASHINGTON EURO NOURRI 2 FCP	UCITS	France	83.33	83.29	FC	83.33	83.29	FC
WASHINGTON EURO NOURRI 1 FCP	UCITS	France	99.89	99.84	FC	99.89	99.81	FC
GROUPAMA INDEX INFLATION EURO I D	UCITS	France				100.00	99.95	FC
WASHINGTON EURO NOURRI 13 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 14 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 15 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA CONVERTIBLES I D	UCITS	France	99.55	99.50	FC	99.53	99.48	FC
GROUPAMA ENTREPRISES IC C	UCITS	France	24.47	24.46	EM	25.24	25.23	EM
GROUPAMA CREDIT EURO I C	UCITS	France	84.29	84.25	FC	79.46	79.42	FC
GROUPAMA CREDIT EURO I D	UCITS	France	60.35	60.32	FC	60.35	60.32	FC
WASHINGTON EURO NOURRI 11 FCP	UCITS	France	80.00	79.96	FC	80.00	79.96	FC
WASHINGTON EURO NOURRI 12 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 16 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 17 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 18 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA OBLIGATION MONDE I C	UCITS	France	75.55	75.51	FC	68.71	68.67	FC
WASHINGTON EURO NOURRI 19 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 20 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 21 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 22 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 23 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 24 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 25 FCP	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
WASHINGTON EURO NOURRI 26 FCP	UCITS	France	88.89	88.85	FC	88.89	88.84	FC
ASTORG STRUCTUR LIFE D	UCITS	France	100.00	99.95	FC			
ASTORG TAUX VARIABLE D	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA EONIA I C	UCITS	France	48.91	48.89	EM	66.51	66.48	FC
GROUPAMA FP DETTE EMERGENTE	UCITS	France	92.03	91.98	FC	92.22	92.17	FC
ASTORG PENSION C	UCITS	France	99.77	99.72	FC	100.00	99.95	FC
ASTORG CASH MA C	UCITS	France	99.20	99.15	FC	99.08	99.03	FC
ASTORG CASH MT C	UCITS	France	94.36	94.31	FC	99.69	99.64	FC
ASTORG CASH G C	UCITS	France	84.28	84.24	FC	99.25	99.20	FC
GROUPAMA CREDIT EURO G D	UCITS	France	44.37	44.35	EM	44.37	44.35	EM
GROUPAMA CREDIT EURO LT G D	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
GROUPAMA MONETAIRE ETAT G C	UCITS	France	100.00	99.95	FC	100.00	99.95	FC
ASTORG THESSALONIQUE 1 D	UCITS	France	100.00	99.95	FC	99.94	99.89	FC
ASTORG THESSALONIQUE 2 D	UCITS	France	100.00	99.95	FC	99.98	99.93	FC
ASTORG THESSALONIQUE 3 D	UCITS	France	100.00	99.95	FC	99.96	99.91	FC
ASTORG THESSALONIQUE 4 D	UCITS	France	100.00	99.95	FC	99.98	99.93	FC
ASTORG THESSALONIQUE 5 D	UCITS	France	100.00	99.95	FC	99.98	99.93	FC
ASTORG MONETAIRE C	UCITS	France	99.96	99.91	FC			
ASTORG DIV MONDE D	UCITS	France	100.00	99.95	FC			

A: Aggregation FC: Full consolidation EM: Equity method

Certain real estate entities are consolidated using the equity method under a “simplified” process. This consists of reclassifying on the balance sheet the value of the units and the financing current account in the item “property investments” and reclassifying in the income statement the dividends or share in the results of the companies on the “Income from property” line item.

STATUTORY AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS

STATUTORY AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on rthe combined financial statements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with,French law and professional auditing standards applicable in France.

(Year ended 31 December 2013)

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 2013, on:

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

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

I - Opinion on the combined financial statements

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

In our opinion, the combined financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2013 and of the results of its operations for the year, in accordance with International Financial Reporting Standards as adopted by the European Union.

Without prejudice to the conclusion stated below, we draw your attention to Note 2.2 on new mandatory standards, which have not however had a significant impact on the financial statements as of 31 December 2013.

II - Justification for assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- certain technical items specific to insurance and reinsurance recorded under assets and liabilities in the Company's combined financial statements have been estimated on statistical and actuarial bases, in particular technical reserves, deferred profit sharing, deferred acquisition costs and values in force. The methods used to determine these items are described in sections 3.1.2 and 3.12 of the accounting principles and methods, as well as in notes 3, 13, 14, 25 and 26 in the notes to the combined financial statements. We assessed the reasonableness of the assumptions used in the calculation models, based on the Group's experience, its regulatory and economic environment and the consistency of these assumptions taken as a whole.

- goodwill is subject to recoverability tests carried out at each inventory date in accordance with the methods described in Section 3.1.1 of the accounting principles and methods and in Note 2 to the combined financial statements. We examined the conditions for performing these impairment tests, as well as the cash flow projections, assumptions used and sensitivity tests, and we ensured that the notes to the combined financial statements contained appropriate disclosures;

- financial assets and derivative instruments are recognised and valued in accordance with the methods described in Sections 3.2.1 and 3.3 of the accounting principles and methods and in Notes 6 and 8 of the Notes to the combined financial statements. We reviewed the consistency of the classification applied with the documentation prepared by the Group. We assessed the appropriateness of the methods used for depreciating equity instruments classified as available for sale assets, and verified their proper application. We examined the analyses performed by the Company of any risks attached to sovereign debt and the assumptions applied in their valuation, and we ensured that the notes contained appropriate disclosures.

These assessments were made as part of our audit of the combined financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law and in accordance with the professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the combined financial statements.

Neuilly-sur-Seine and Courbevoie, 21 February 2014

The Statutory Auditors

PricewaterhouseCoopers Audit		Mazars	
Eric Dupont	Christine Billy	Jean-Claude Pauly	Christophe Berrard

Groupama

INSURERS WHO CREATE CONFIDENCE