Registration Document 2012

Groupama SA

Including the Annual Financial Report

Groupama

SUMMARY

2012

GROUPAMA SA

REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed with the AMF on 25 April 2013, in compliance with Article 212-13 of its General Rules. It may be used in support of a financial transaction if it is supplemented by a transaction memorandum approved by the AMF. This document was prepared by the issuer and is binding on its signatories.

This Registration Document includes all aspects of the Annual Report mentioned under Section I of Article L.451-1-2 of the French Monetary and Finance Code as well as Article 222-3 of the General Rules of the AMF. A table of concordance for the documents mentioned in Article 222-3 of the General Rules of the AMF and the corresponding sections of this Registration Document is provided on page 360.

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

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

1

OVERVIEW OF THE GROUP

1.1 HISTORY OF THE COMPANY

The creation of Groupama is the result of a one hundred year old story. The starting point was the Act of 4 July 1900, which allowed the birth, then the subsequent organisation of the agricultural mutual insurance movement in France.

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

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

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

In 1972, they started a life insurance business.

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

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

In 1998, at the conclusion of a privatisation procedure competing against major international groups, Groupama acquired Gan, a group with business lines complementary to those of Groupama. The new combination resulted in the creation of one of the leading French multi-line insurers.

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

In 2001 as well, the Board of Directors of the Central Mutual approved a structure consolidating the regional mutuals.

A number of mergers and acquisitions were initiated in 2002 in France (acquisition of CGu Courtage, merged with and into Gan Eurocourtage) and at international level (acquisition of Plus ultra Generales in Spain).

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

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

In 2005, the Group acquired Clinicare in Great Britain.

In 2006, Groupama acquired the Spanish subsidiaries of a French group, the Turkish insurance group Basak, the 6th-largest insurer in Turkey (source: Foreign Economic Relations Division, 2006 data), as well as the British broker Carole Nash.

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

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

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

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

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

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

The Group's French banking activities have also been pooled through the merger of Groupama Banque and Banque Finama.

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

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

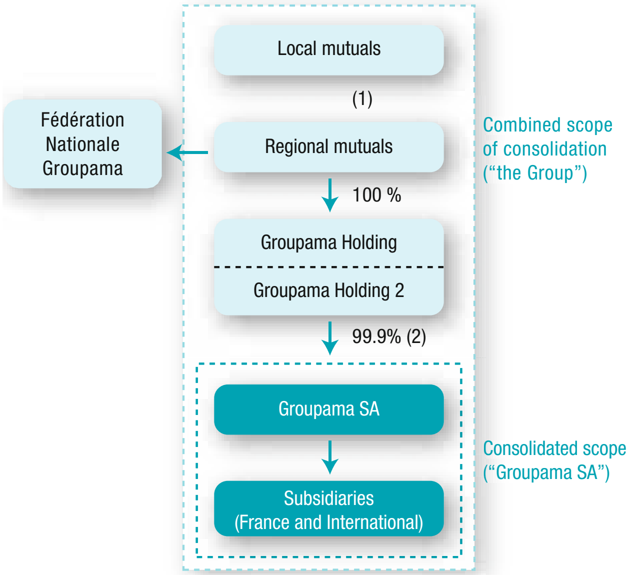
In the bankassurance market, the partnership agreement signed with Banque Postale in 2009 resulted in the creation of a joint enterprise, Banque Postale Assurances IARD, which is held 65% by Banque Postale and 35% by Groupama. At the end of 2010, this company launched its non-life insurance products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

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

The major events of 2011 included the Eurozone debt crisis, particularly in Greece, and significant worsening of the financial markets, which impacted the financial position of Groupama.

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

1.2 ORGANISATION OF THE GROUP AND GROUPAMA SA



(1) Since regional and local mutuals are mutual insurance companies, companies without share capital, there is no capital relationship between them. Local mutuals are members of a regional mutual from which they get reinsurance.

(2) 90.96% held by Groupama Holding and 8.99% held by Groupama Holding 2.

1.2.1 GENERAL ORGANISATION

The Group has a governance method which empowers everyone involved within the organisation. Members elect their representatives at local level (50,000 elected) and they in turn elect their representatives at regional and national levels. The Board members, who are all policyholders of the mutual insurance company, control all the Boards of Directors of the entities within the mutual insurance group. They select the Managers who handle operating activities. The elected representatives thus participate in all of the Group's decision-making bodies, whether local mutual (3,600), regional (9 regional mutuals in Metropolitan France, 2 overseas mutuals and 2 specialised mutuals) or national through the federations and the Boards of Directors of Groupama SA and its subsidiaries.

There are therefore two scopes within Groupama:

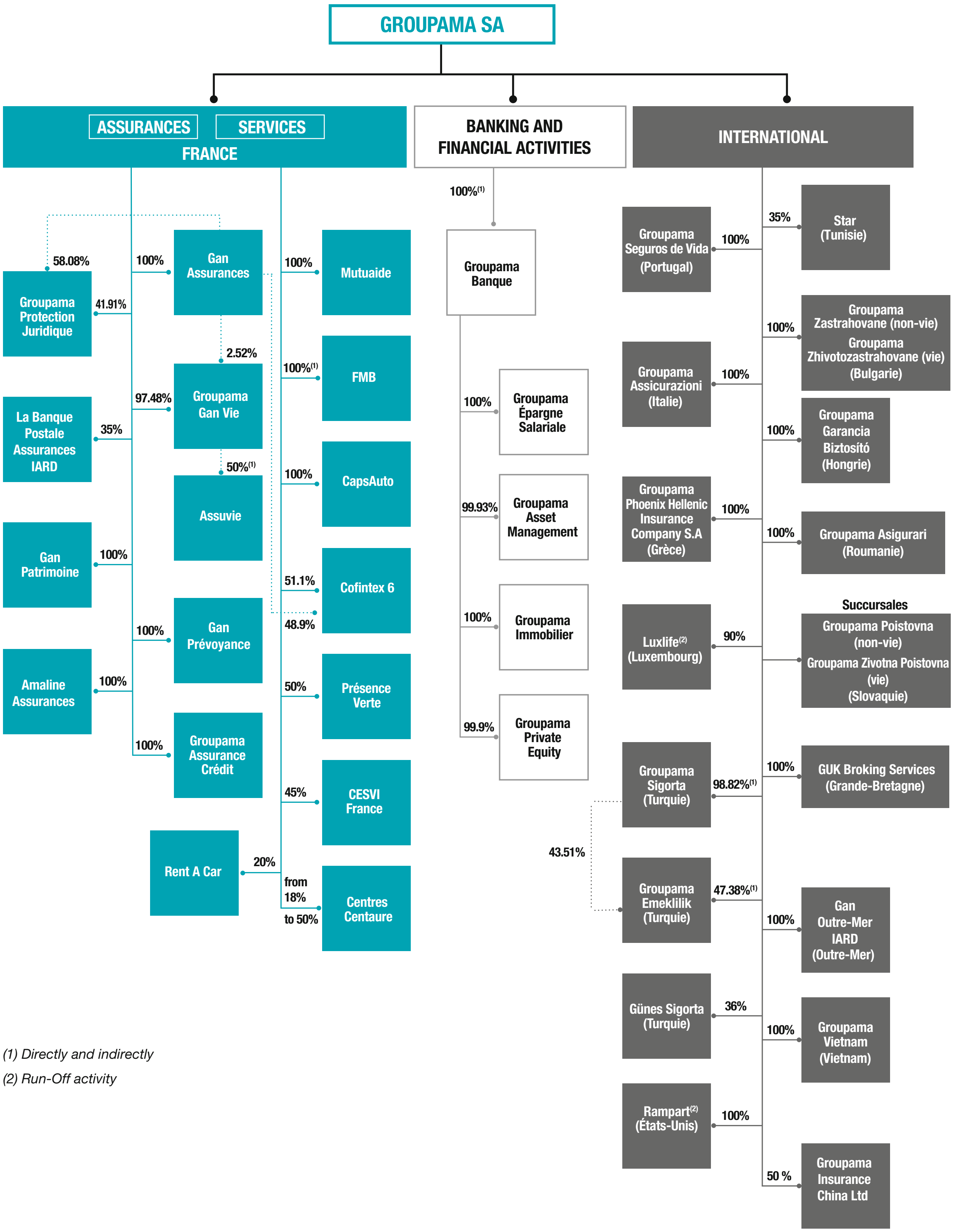
- the combined scope, which includes all the entities of the Group and all of the activities of the regional mutuals;
- the consolidated scope in which Groupama SA is the parent holding company. Its business lines include, in addition to the activities of the subsidiaries, approximately 40% of the activities of the regional mutuals, which is captured by the Internal Reinsurance mechanism.

In 2003, Groupama changed its central organisational entities and set up new entities:

- the Fédération nationale, comprised of the Groupama regional mutuals. Its duties are to define the overall strategies of the mutual insurance group and check their application, act as an agricultural trade organisation at national level, and promote mutual-insurance principles within the Group;
- the role of Groupama SA, which directs the operating activities of the Group and its subsidiaries, was strengthened with the responsibilities of reinsurer for the regional mutuals, a role that was previously performed by Caisse Centrale des Assurances Mutuelles Agricoles (CCAMA);
- Groupama Holding: the function of this intermediate entity is to ensure the financial control of Groupama SA by the regional mutuals, by combining all their equity interests.

The entities share the same Chairman and the same executive management to ensure greater consistency.

1.2.2 GROUPAMA SA



(1) Directly and indirectly

(2) Run-Off activity

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 99.95% owned by the regional mutuals through Groupama Holding and Groupama Holding 2. The remaining portion of its share capital (0.05%) is held by former and current agents and employees of Groupama SA.

As at 31 December 2012, the breakdown of share capital and voting rights (including double voting rights) is the following:

- 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 Group. Its activities are:

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

In conducting its activities, the Company is governed by the provisions of the French Commercial Code and the Insurance Code and is under the oversight of the French Insurance and Mutual Society Supervisory Authority (ACP).

1.2.3 TIES BETWEEN THE VARIOUS ENTITIES OF THE GROUP

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

In the Mutual Insurance Division, they are governed:

- by an Internal Reinsurance treaty that binds the regional mutuals to Groupama SA;
- by a security and joint liability agreement between all the regional mutuals and Groupama SA ("agreement defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricole members of the Fédération Nationale Groupama"), which was signed on 17 December 2003, effective retroactively on 1 January 2003. This agreement is described more precisely in Note 44 – Related Parties of the consolidated accounts and is the subject of a report from the statutory auditors on regulated agreements and commitments (see section 3.9).

1.3 KEY FIGURES

1.3.1 CONSOLIDATED SCOPE GROUPAMA SA

The following table shows financial disclosures and ratios from the Groupama SA consolidated financial statements for fiscal years ending 31 December 2010, 2011 and 2012. In accordance with EC Regulation no. 1606/2002 of 19 July 2002 on the application of international financial reporting standards, the Groupama SA consolidated financial statements were prepared in accordance with the IFRS as adopted by the European Union.

In 2012, Groupama adjusted its business scope by selling Gan Eurocourtage's property and casualty business, Gan Eurocourtage's maritime business in France, the Spanish subsidiary, and the non-life insurance subsidiary in the United Kingdom.

(in millions of euros)	31.12.2012	31.12.2011	31.12.2010
Revenues [(1)]	**11,031**	**14,185**	**14,659**
of which France insurance	8,036	9,622	10,032
of which International insurance	2,726	4,292	4,349
of which financial and banking activities	269	271	278
Combined ratio [(2)] **Property and casualty insurance**	**102.0%**	**96.5%**	**103.2%**
Economic operating income [(3)]	**(101)**	**254**	**117**
Net income Group share	**(622)**	**(1,812)**	**387**
Financial structure and soundness			
Shareholders' equity (Group share)	3,655	2,933	4,268
Total balance sheet	87,946	89,388	93,066
Debt ratio [(4)]	42.4%	41.3%	41.7%
Return on equity (ROE) [(5)]	N/A	N/A	9.7%

(1) *Insurance premiums issued and income from financial activities.*
(2) *See glossary in this registration document (page 358).*
(3) *Economic operating profit equals net profit adjusted for realised capital gains and losses, increases and write-backs to long-term impairment provisions and unrealised capital gains and losses on financial assets recognised at fair value (all such items are net of profit sharing and tax). Also adjusted are non-recurring items net of tax, impairment of value of business in force and impairment of goodwill (net of tax).*
(4) *Debt excluding cash of holdings, as a share of book value of capital excluding re-evaluation reserve (including subordinated liabilities and minority interests).*
(5) *Net result (Group share) over average shareholders' equity (see glossary in this registration document – page 359).*

1.3.2 COMBINED SCOPE GROUPAMA

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

(in millions of euros)	31.12.2012	31.12.2011	31.12.2010
Revenues (1)	**14,197**	**17,239**	**17,633**
of which France insurance	11,204	12,678	13,008
of which International insurance	2,726	4,292	4,349
of which financial and banking activities	267	269	277
Combined ratio (2) Property and casualty insurance	**102.0%**	**97.4%**	**104.9%**
Economic operating income (3)	**(78)**	**309**	**39**
Net income Group share	**(589)**	**(1,762)**	**398**
Financial structure and soundness			
Shareholders' equity (Group share)	6,280	5,264	7,041
Total balance sheet	94,753	95,872	100,029
Debt ratio (4)	28.5%	29.1%	30.6%
Return on equity (ROE) (5)	N/A	N/A	6,0%
Solvency margin (6)	**179%**	**107%**	**130%**
Rating			
Standard & Poor's	no rating	BBB-	A-
Fitch Ratings	BB+	BBB	A

(1) Insurance premiums written and income from financial activities.
(2) See glossary in this registration document (page 358).
(3) Economic operating profit equals net profit adjusted for realised capital gains and losses, increases and write-backs to long-term impairment provisions and unrealised capital gains and losses on financial assets recognised at fair value (all such items are net of profit sharing and tax). Also adjusted are non-recurring items net of tax, impairment of value of business in force and impairment of goodwill (net of tax).
(4) Debt excluding cash of holdings, as a share of book value of capital excluding re-evaluation reserve (including subordinated liabilities and minority interests).
(5) Net result (Group share) over average shareholders' equity (see glossary in this registration document – page 359).
(6) 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.

On 5 October 2012, Fitch Ratings lowered the rating of three hybrid debt instruments issued by Groupama SA from "BB" to "B+", "B-", and "CCC" respectively and placed them on negative watch. At the same time, the rating agency lowered the Insurer Financial Strength (IFS) rating of Groupama SA from "BBB" to "BB+" with negative outlook. On 17 December 2012, Fitch Ratings revised the outlook associated with the "BB+" rating of Groupama SA from negative to evolving.

On 6 March 2013, Fitch Ratings upgraded Groupama's IFS rating to "BBB-" from "BB+", with a stable outlook.

On 6 December 2012, Groupama SA asked the rating agency Standard & Poor's to stop rating the Group. The request applies to the Insurer Financial Strength rating of Groupama SA and its subsidiaries, the rating of the credit counterparty of Groupama SA, Groupama Banque, and Groupama Gan Vie, as well as the rating of three subordinated bonds issued by Groupama SA.

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

1.3.3 CONSOLIDATED SCOPE/COMBINED SCOPE DATA RECONCILIATION

REVENUES

(in millions of euros)	31.12.2012	31.12.2011
Consolidated revenues	**11,031**	**14,186**
Revenues of regional mutuals	5,180	5,002
Internal transactions:		
- Groupama SA	(2,008)	(1,944)
- Groupama Gan Vie	(4)	(3)
- Groupama Asset Management	(2)	(2)
Combined revenues	**14,197**	**17,239**

NET INCOME

(in millions of euros)	31.12.2012	31.12.2011
Consolidated net income	**(622)**	**(1,812)**
Net income - regional mutuals	45	57
Net income - Groupama SA	(11)	(6)
Net income - holdings	(1)	(1)
Combined net income	**(589)**	**(1,762)**

1.4 HUMAN RESOURCES

1.4.1 SOCIAL POLICY

In order to guide its strategy and improvement its performance, Groupama invests in its people and develops a human resources policy based on social responsibility and the commitment of its 34,528 employees.

On 31 December 2012, Groupama SA and its subsidiaries had 17,142 employees (10,123 in France/Overseas Departments and Territories and 7,019 abroad).

As part of the Group's organisation, the Group's Human Resources Department manages and coordinates corporate policies and programmes, in support of the Group's strategy, and leads the HR functional chain according to the scheme established for the distribution of responsibilities between Group HRD and HRD of the companies. Each company in the scope of consolidation of Groupama SA manages its human resources and its social policy as locally as possible, in line with the action principles and overall strategy defined by the Group.

In 2012, the companies included in the scope of consolidation hired 363 employees under permanent contracts in France to strengthen their sales networks and customer relations platforms and to renew their management and advisory teams as well as the auditing, internal control, and steering functions: 19% of the new employees are under 26 years of age, 7% are 50 and over, 24% come from other group companies (86) and 10% are from the conversion of fixed-term contracts into permanent contracts. In 2012, the Group organised its second Groupama Gan Jobmeetings, which allowed nearly 1,000 pre-selected candidates to meet with the HR teams of the Group's companies in Paris, Nantes, Bordeaux, Toulouse, Aix, Lyon, Strasbourg, and Lille. The recruitment site groupama-gan-recrute.com registered 550,000 visits and 105,000 applications in one year.

In the same period, departures (excluding sales of businesses) in France in companies of the consolidated scope involved 963 employees who left, including 615 administrative staff (from these figures, 13% retired, 36% resigned, 25% were laid off, 2% died, 5% left during their probation period, 9% were transferred and 10% breached their contract).

Most companies of the consolidated scope initiated in recent months actions to reduce their operating expenses and staff in connection with programmes to improve their economic situation. These programmes are supplemented by the implementation at Gan Assurances (starting in October 2012) and Groupama SA (starting in January 2013) of voluntary departure plans.

The driving force behind the performance of the employees and companies of the Group, in 2012, mobility was involved in 2,000 cases out of more than 4,000 internal applicants in France. Since 2010, a group agreement has governed inter-company transfers within the Group. Redesigned in 2011, Mouvy, the internal online recruitment site open to all employees, recorded a 22% increase in the number of applicants and was awarded the 2011 Cegos intranet prize for “e-HR and management”.

Since 2010, a group agreement has governed inter-company transfers within the Group.

The investment for training within the scope of consolidation in France in 2011 amounted to 4.2% of payroll (for exempt expenses only). This investment affected two out of every three employees in all professional categories. It constitutes a major benefit for the development of business and managerial skills.

The operation of the Group, which is made up of reasonably sized companies, is built around a management model based on listening, local presence and support, particularly expressed through initiatives aiming to improve customer service efficiency while promoting employees’ quality of life.

In France, Group companies continued with the roll-out of the Team Manager Mobilisation (Mobilisation des managers d’équipes) programme whose objective is to expand managers’ vision of the Group and its changes, particularly through researching balanced performance/quality of work life.

In addition, since 2011, all training programs for Managers are enhanced by an additional section devoted to risk management.

In 2012, Groupama continued the development of an international culture via the various internal communications materials (Le Kiosque, Université, etc.) and personal support for Senior Managers or expatriate Directors and Managers.

In order to identify and build the loyalty of the talents needed to manage the Group’s strategy, the “Groupama Talents” application was gradually rolled out to all categories of employees. Groupama SA and four other subsidiaries of the consolidated scope have already rolled it out to all of their employees. Personnel reviews were conducted in each company. Furthermore, 80 future Managers, selected by the Technical Careers Committee, participated in the “Objective Executives” programme to prepare them to hold strategic positions.

In France, companies within the scope of consolidation are mostly regulated by the Collective Insurance Companies Agreement (covering 83% of employees), with other companies regulated by agreements covering their own business lines (banking, support, etc.). Contractual provisions are supplemented by inter-company or company agreements, especially with regard to pension and protection schemes, as well as the organisation and duration of work. At Group level, social dialogue is managed in France within the Group committee and the Social Dialogue Commission, a negotiating body, and on the European level within the European Works Council.

Regarding the collective wages policy, profit-sharing measures are in place in all group companies in France. To this end, more than €4,305,700 (2,065 beneficiaries) and €3,755,000 (7,793 beneficiaries) respectively were paid out in 2012.

Negotiated in 2011, the consolidation of all the Group’s collective employee shareholding plans (FCPE) was operational starting in January 2012. Certified by the CIES (Comité Intersyndical de l’Épargne Salariale), the five new funds meet governance and socially responsible investment (SRI) criteria and simplify the choices of employees.

The Group’s identity is built on its values of responsibility, solidarity, and proximity. It is a player with strong convictions as an insurer, as an agricultural trade association and as an employer.

As such, within the framework of the triennial review of the Group agreement of 28 October 2008 on diversity and equal opportunity within Groupama, at the end of 2011 the social partners of the Group unanimously signed an amendment to broaden the agreement to the themes of “equal family rights”, “equal parental rights”, “reconciliation of family life/work life” and “professional gender equality between women and men”, with the effect of aligning the contractual rights of employees married to employees to staff in civil or common-law unions.

Groupama has also undertaken new operational initiatives for:

- training on the risks of discrimination and the promotion of diversity;
- participation in “diversity” recruitment forums;
- launching an anonymous questionnaire on disability.

Over eight years, more than 900 disabled employees have been recruited (on permanent and temporary contracts, training contracts or as temporary workers) by the Group’s French companies in the framework of this long-term commitment.

The Group extended its work concerning equal access to employment for men and women. Within the scope of consolidation in France in 2012, 62% of managerial promotions concerned women, bringing the ratio of women Managers to 45%.

As part of the implementation of the Group agreement of 28 February 2011 on quality of work life, the Group has developed actions to prevent, treat, and eliminate or, otherwise, reduce any noted problems related to psychosocial risks. With this in view:

- monitoring of group indicators making it possible to detect the risks of uneasiness at work is done each year;
- prevention actions are carried out in the Company (awareness, training, support for employees in case of public incivility);
- regulation mechanisms are put into place, including a Psya psychological counselling centre open to all employees;
- at the Group level, a joint committee of exchanges and recommendations to examine the issue of “quality of the working environment” of structural and transverse projects with the Group companies.

The 3rd edition of the opinion poll was conducted with Ipsos in April 2012. 74% of employees participated in it in France and abroad. They confirmed a high level of commitment and fidelity to Groupama. With regard to the results, the Group and its companies implemented action plans aimed at meeting the expectations in different areas expressed by employees: communication, career development pathways, management, quality of the working environment and recognition.

Lastly, the Vigeo diagnostic, published in early 2012, recognised the Group’s social performance by positioning it at a convincing level on HR and human rights components.

Groupama also offers to all its employees a social and human plan for the duration, which is consistent with its values and within the framework now established by the Code of Ethics that all the businesses now apply.

1.4.2 GROUP WORKFORCE

The Group's scope of consolidation includes all the companies of which it is made up of. The scope of consolidation contains around thirty companies with a total workforce of 17,142 employees.

The following table corresponds to Note 45 of the notes to the consolidated financial statements for the 2012 fiscal year, as audited by the statutory auditors.

	2012			2011	2010
Registered workforce	**Insurance**	**Finance**	**Total**	**Total**	**Total**
France	9,057	1,066	10,123	11,640	11,634
Great Britain	556		556	1,553	1,612
Spain	0		0	1,101	976
Italy	832		832	850	859
Hungary	2,427		2,427	2,617	2,639
Greece	332		332	364	386
Romania	2,044		2,044	2,204	2,490
Other EU	270		270	483	387
Outside EU	558		558	1,012	874
TOTAL	**16,076**	**1,066**	**17,142**	**21,824**	**21,857**

The staff in France decreased mainly because of the sale of P&C brokerage and maritime businesses (-910 FTEs). Similarly, the sales of subsidiaries in Spain and the United Kingdom explain the decrease in staff (-1,101 FTEs and -997 FTEs respectively) in the European Union.

During 2011, the branch in China became a subsidiary through equity-method consolidation. This entity's personnel still appeared with the scope of the consolidated entities as at 31 December 2011. In 2012, these personnel were now outside of the scope.

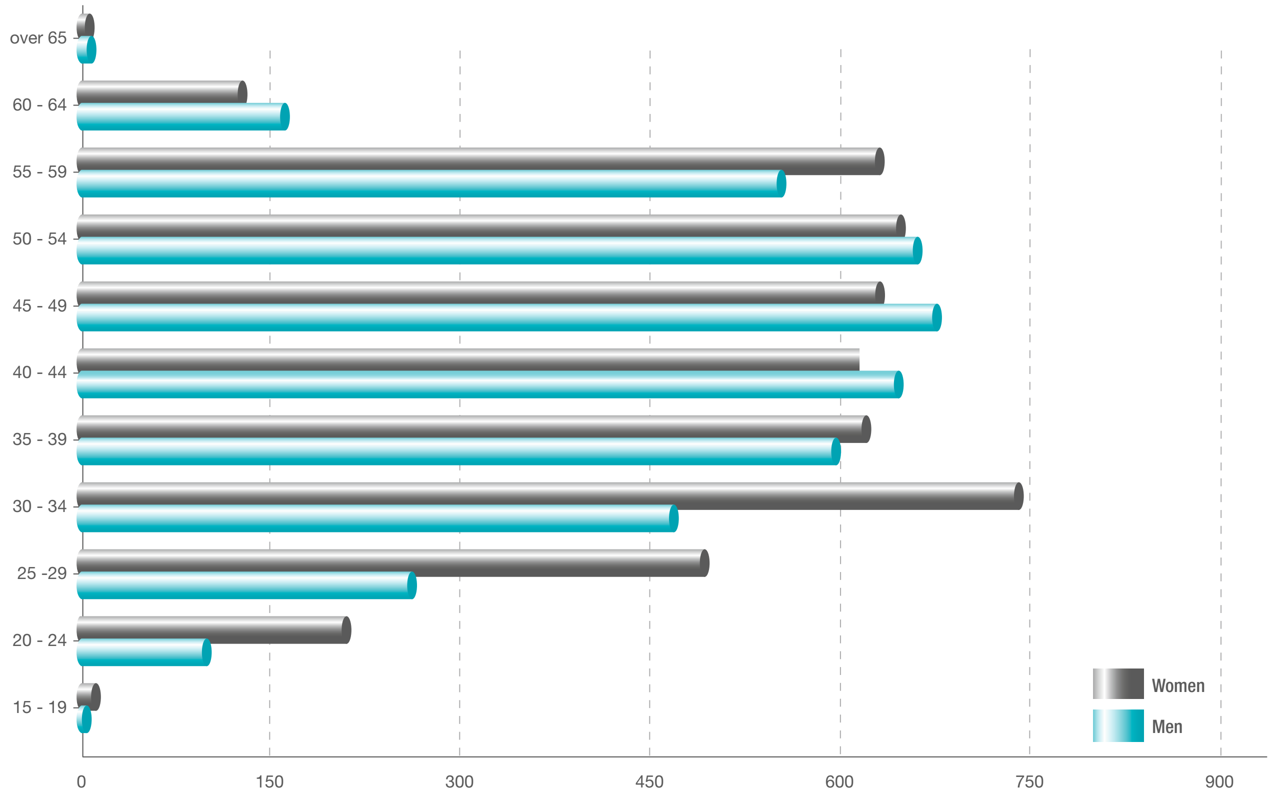
Registered workforce	**2012**	**2011**	**2010**
Groupama SA	1,573	1,722	1,669
Registered offices and after-sales services of subsidiaries with a customer/network relationship (1)	1,733	2,606	2,607 (2)
Sales forces of subsidiaries with customer/network relationship (1)	1,916	2,210	2,337
France insurance/bank and services subsidiaries (2)	2,774	2,842	2,698 (2)
including Groupama Banque	*667*	*755*	*717*
Financial and real estate subsidiaries (3)	499	550	616
Support companies (Groupama Supports & Services)	1,628	1,710	1,707
Sub-Total France	**10,123**	**11,640**	**11,634**
International	**7,019**	**10,184**	**10,223**
TOTAL	**17,142**	**21,824**	**21,857**

(1) Gan Assurances, Gan Eurocourtage (for 2011 and 2010), Gan Patrimoine, Gan Prévoyance, Gan Outre-Mer IARD.
(2) Groupama Gan Vie, Groupama Banque, Groupama Épargne Salariale, Groupama Assurance Crédit, Amaline, Groupama Protection Juridique, Mutuaide.
(3) Groupama Asset Management, Groupama Private Equity, Groupama Immobilier, real estate activities.

Total workforce for the France scope of consolidation was 10,123 employees at 31 December 2012, distributed as follows:

Distribution by gender		**Distribution by contract type**		**Distribution by status type**	
Men	Women	OEC	FTC	NA	C
47%	53%	94%	6%	50%	50%

The age pyramid is broken down as follows:



1.4.3 PROFIT SHARING AND STOCK OPTIONS

Groupama SA awarded no stock subscription or purchase options to officers or employees for the 2012 fiscal year. As of the date of filing of this registration document, there were no stock subscription or purchase options capable of being exercised.

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

1.4.4 COMMITMENTS TO PERSONNEL

1.4.4.1 Retirement schemes

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

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

1.4.4.2 Other long term benefits

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

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

1.5 GROUPAMA CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR)

The main Corporate Social Responsibility indicators are presented in the report of the Board of Directors appearing in section 5.1.13 of this registration document.

Conscious of its social, societal, and environmental responsibilities, Groupama established an Ethics and Sustainable Development Department in 2008 responsible for promoting and coordinating the Group's SER policy. It relies on an internal network of more than 50 coordinators and contributors who relay the SER dynamic, participate in the preparation of action plans, and discuss their best practices.

Although our social commitments has always been a part of our actions of proximity, solidarity, and responsibility, we have decided to go further by taking on a strategy and objectives of growth in five areas:

› Groupama, responsible insurer

Solidarity and responsibility are mutualist action principles of Groupama, which develops products that respond to society's major challenges, like the management of social protection (retirement, health) and the ageing of the population (assistance, dependence). In addition, for Groupama, risk prevention has always been a major area of its economic development: prevention in terms of property and personal security, health, prevention of climate risks; a policy adapted into local actions at close as possible to our individual, professional, corporate, and local authority customers. In addition, our asset management subsidiary, Groupama Asset Management, is strategically committed to the promotion of responsible investment. Today, Groupama is committed to going further in the consideration of environmental, social, and societal factors for the design of its insurance and asset management offerings.

› Groupama, committed to health

As France's leading personal health insurer, Groupama has spent more than 10 years, through the Groupama Health Foundation, contributing to the fight against rare diseases through three missions: research assistance, informing physicians, patients, and the general public about rare illnesses, and support for sick patients. By 2015, we wish to emphasise our support for research and promote the commitment of our elected representatives, members, and employees in favour of the Foundation, thanks to the "Ambassador" approach.

› Groupama, an everyday presence in civil society

Proximity is at the heart of the Groupama's operation, through its decentralised governance, which is based on a system for electing members. These elected representatives, involved in the field, establish an ongoing dialogue between members and employees, facilitating the understanding of the needs and expectations of our customers. By relying on these relays, we wish to add value to local partnerships, which work on the economic and social development of the territories, and continue our large-scale prevention policy, already real in our regions, with all populations in order to encourage the emergence of responsible attitudes.

› Groupama, responsible employer

For several years, Groupama has made many commitments falling under social issues of SER, consistent with its values. As part of this, social policies and many significant actions are conducted at the Group and company level. The Vigeo diagnostic (available on the website groupama.com) has recognised the Group's social performance by positioning it at a convincing level on HR and human rights components, and 74% of employees believe that their company respects diversity (2012 Groupama Survey). This recognised HR dynamic formed a base to pursue our commitment in 2012 as responsible employer in the fields of professional gender equality, diversity, non-discrimination, employment of disabled workers, quality of work life, and prevention of psychosocial risks. Starting in 2013, the Group will pair its commitment with quantified objectives on professional gender equality between women and men and on the employment of disabled workers and young people through sandwich courses.

› Groupama, respectful of the environment

Aware of its responsibility in terms of indirect impacts, Groupama has developed incentives with regard to the environment with its customers and suppliers for several years, through its insurance offerings, its prevention and awareness actions, its SRI products, and its purchase contracts. We are also convinced that we can emphasise the reduction of our direct emissions. We would thus like to continue our efforts and reduce our CO2 emissions and our paper consumption by 2015 through quantified objectives.

2

THE GROUP'S BUSINESS LINES

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

As a multi-line insurance Group member of a large mutual of agricultural origin, Groupama is an independent Group, founded at the end of the 19th century by farmers. The expertise developed by the Group throughout its history was extended to benefit all socio-economic players: individuals, professionals, companies and institutions. Today, Groupama is a major player on the insurance market in France (8th largest French multi-line insurer, source FFSA), in property and casualty insurance and in life and health insurance, banking services and financial activities.

At the end of 2012, Groupama benefits from dense complementary distribution networks over the entire French territory: 7,800 sales representatives employed by Groupama's regional mutuals, 975 multi-line insurance agents and 330 representatives for Gan Assurances, the network of 500 Gan Patrimoine agents and the network of 1,000 Gan Prévoyance employees.

Groupama has also been operating through direct sales channels following the 2008 launch of Amaguiz.com, a brand exclusively dedicated to direct insurance sales via the Internet and the partnership agreement signed in 2009 with Banque Postale for non-life insurance.

On the national market, the Group relies on the following three brands: Groupama, Gan and Amaguiz, each offering their own specific line of products and services.

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

2.1.1 STRUCTURE OF CONSOLIDATED PREMIUM INCOME

During 2012, Groupama adjusted its business scope by selling Gan Eurocourtage's property and casualty business, Gan Eurocourtage's maritime business in France, the Spanish subsidiary, and the non-life insurance subsidiary in the United Kingdom.

Following these sales, a 2011 proforma income was generated.

At the end of 2012, Groupama SA reported total consolidated premium income of €11,031 million, along with a decrease of 5.8% (on a like-for-like basis), including €10,763 million in insurance premiums and €269 million originating from asset management and other financial activities.

Approximately 75% of Groupama SA's insurance business is carried out in France, amounting to €8.0 billion on 31 December 2012.

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

(in millions of euros)	31.12.2012	31.12.2011 *pro forma*	31.12.2011	31.12.2010	Change 2012/2011 (1)
France property and casualty insurance	3,086	2,924	3,919	3,731	+5.5%
France life and health insurance	4,944	5,694	5,694	6,292	-13.2%
Subtotal France	**8,030**	**8,618**	**9,614**	**10,023**	**-6.8%**
International property and casualty insurance	1,995	2,001	3,194	3,168	-0.3%
International life and health insurance	731	808	1,099	1181	-9.4%
Subtotal International	**2,726**	**2,809**	**4,293**	**4,349**	**-2.9%**
Discontinued operations (France and international)	6	8	8	9	-25.2%
Financial and banking activities	269	271	271	278	-1.0%
TOTAL GROUPAMA SA	**11,031**	**11,706**	**14,186**	**14,659**	**-5.8%**

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

The details of the premium income by business segments appear in "Note 33 – Analysis of insurance premium income by major categories" in section 6 – "Financial Statements" of this registration document.

2.1.2 NETWORK STRUCTURE IN FRANCE

The table below presents the breakdown of consolidated premium incomes by distribution networks in France.

(in millions of euros)	31.12.2012	31.12.2011	31.12.2010
Groupama SA	2,226	1,983	1,883
Groupama Gan Vie	4,180	4,968	5,596
Gan Assurances	1,368	1,303	1,245
Amaline Assurances	49	39	24
Other specialist Group companies (1)	206	137	137
Gan Eurocourtage (2) (3)	-	1,184	819
Groupama Transport (2)	-	-	318
Subtotal France insurance (4)	**8,030**	**9,614**	**10,023**
Discontinued operations (5)	6	8	9
Financial and banking activities	269	271	278

(1) Groupama Assurance Crédit, Mutuaide Assistance, Groupama Protection Juridique, Caisse Fraternelle Épargne, and Caisse Fraternelle Vie.
(2) Gan Eurocourtage took over Groupama Transport with retroactive effect on 1 January 2011.
(3) Sale of Gan Eurocourtage's property and casualty business on 1 October 2012 and sale of the maritime business on 3 December 2012.
(4) Excluding discontinued operations.
(5) See chapter 5.1.

2

2.1.2.1 The Groupama network

The Groupama network includes regional and local mutuals.

The local mutuals form the basis of the mutual distribution system of Groupama and enable the network to maintain a close relationship with its policy holders (members). In accordance with the rules governing French mutual insurance bodies, the members of local mutuals are comprised of any individual or entity insured by a local mutual.

The regional mutuals are responsible for their own operations, management, price policy, range of products and, in the context of the global strategy of the Group, their commercial policy. Over the last four years, the eighteen regional mutuals in France (except for French West Indies, Guyana and the Indian Ocean) were gradually combined into the nine regional mutuals of today. The purpose of this combination was to achieve improved efficiency, greater economies of scale and to simplify the decision-making processes.

In the Groupama network, the local mutuals provide insurance services to their respective members; the local mutuals are reinsured exclusively by the regional mutuals, which in turn are reinsured exclusively by Groupama SA at an average 40% of the premiums of the regional mutuals.

2.1.2.2 The Gan networks

Backed by more than 975 general agents and 330 representatives, Gan Assurances is France's fourth-largest insurance network (Tribune de l'Assurance 2011).

Gan Prévoyance has a network of 1,000 sales representatives.

Gan Patrimoine offers its products through a network of more than 500 agents.

2.1.2.3 Direct sales channels

Amaguiz.com, a Groupama brand exclusively dedicated to direct insurance sales via the Internet, launched its operations with motor insurance, home insurance, followed by protection insurance. Over time, it will cover all the needs of private individuals. At the end of 2012, Amaguiz.com has become one of the top players in indirect insurance sales in France, with a portfolio of 190,000 contracts.

2.1.2.4 Partnerships

In 2009, Groupama signed a partnership agreement with La Banque Postale resulting in the creation of a joint venture, La Banque Postale Assurances IARD, 65% of which is held by La Banque Postale. This company began distributing non-life insurance products at the end of 2010 via distance-selling channels (Internet and telephone), through La Banque Postale's network of offices. The commercial arrangement has clearly yielded results, with the portfolio holding more than 500,000 contracts at the end of 2012.

2.1.3 INTERNATIONAL NETWORKS

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

Starting in the mid-2000s, the Group established banking partnerships, sometimes exclusive, allowing it to have its development in new markets supported by historical players, particularly the exclusive agreement with OTP Bank regarding several countries in Central and Eastern Europe. In addition to bancassurance partnerships, the international subsidiaries have developed exclusive and non-exclusive distribution agreements with partners such as leasing companies, automobile distribution networks, or farming cooperatives, like in Turkey, where the Group signed an exclusive agreement with the farming cooperative TKK in 2008.

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

2.2 INSURANCE IN FRANCE

2.2.1 ECONOMIC ENVIRONMENT AND MARKET TRENDS

Despite an economic situation that continues to be unfavourable, French insurance continued to generate a high level of premium income in 2012 with premiums amounting to €182.3, with a decrease of 4% compared to 2011. Premium income was divided between life and health insurance (€132 billion) and property and casualty insurance (nearly €50 billion).

In property and casualty insurance, premium income grew 4% under a double price and volume effect. In motor insurance, premium income grew 3%, particularly under the combined effect of the growth of the automobile fleet and the improvement of the rate of supplying policy holders with covers. In multi-risk home insurance, business grew 6%.

Life and health insurance premium income amounted to €132.5 billion, down 6% after a 2011 down 12%. Benefits grew 1% to €130.8 billion.

In 2012, life insurance registered premiums of €114.2 billion. For the first time, net inflows were negative (-€3.4 billion). The unfavourable economic conditions contracted financial investments by households and encouraged them to opt for more liquid, more short-term savings. Despite this "premium/benefit" scissor effect, life insurance assets grew 3% to €1,391 billion in 2012.

In health insurance, premium income grew 5% to €18.3 billion. Health insurer expenditures also continued to grow (+3% between 2011 and 2012).

2.2.2 PROPERTY AND CASUALTY INSURANCE

Groupama SA generated €3.1 billion in premium income in property and casualty insurance in France (38% of premium income generated in France) at 31 December 2012.

2.2.2.1 Motor insurance

The Group holds the 2nd place on the French market in terms of number of policies (source: Argus de l'Assurance, 2011 data). In 2012, the Group insured 3,900,000 passenger vehicles * (excluding business fleets) and posted an increase in its premium income (excluding business fleets) of +2.5%. This strong growth in a very competitive market is due to a comprehensive and innovative offer, with competitive rates, responding to major trends in consumption and including original services with added value (AutoNuevo, AutoPresto).

2.2.2.2 Multi-risk home insurance

Leader in this market in France (source: L'Argus, 2011 data) in terms of premiums written, the Group continued to expand in 2012, with more than 3.6 million homes insured *, or portfolio growth of 0.9% in a highly competitive and challenging market environment. This dynamism is largely due to strong price positioning, densification of its urban network, introduction of online subscriptions at Groupama.fr, the development of offers from Amaguiz.com and continued product innovation.

2.2.2.3 Construction

Groupama SA posted premium income of €102 million in construction insurance at 31 December 2012. The Group has withstood the economic conditions in the building and construction industry since May 2012.

2.2.2.4 Services

(a) Assistance, remote surveillance, remote alarms

Offered by Mutuaide Assistance, which has operations in all assistance businesses (automobile breakdown assistance, medical repatriation, travel insurance, home care), this business places the Group in 6th position on this market in France (source: Argus de l'Assurance, 2011 data). In 2012, Mutuaide Assistance obtained the approval to offer a complete range of assistance and insurance to players in travel and created a structure dedicated to insurance management.

The remote surveillance services provided by Activeille (property security) are gaining market share, notably through the development of an innovative offer on Amaguiz.com and the development of new partnerships. Présence Verte (personal security) confirmed its number 1 position in the remote alarms market.

(b) Individual service – Fourmi Verte

After several years supported by the dynamics of the Borloo law and in a gloomy economic environment, Fourmi Verte succeeded in introducing some new technologies (website, customer and service provider extranet) in order to industrialise the management chain while continuing to satisfy the thousands of customers who put their trust in it each year.

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

(c) Legal protection

Groupama SA is the leader in France (source: Tribune de l'Assurance, 2011 data) in the market of legal protection, cover managed by the regional mutuals on the one hand and Groupama Protection Juridique on the other. Through this cover, Groupama provides support to policy holders, whether individual or professional, facing situations of conflict, by assisting them in asserting their rights and by assuming the corresponding expenses.

(d) Credit insurance

Groupama Assurance Crédit is the Group specialist in matters of credit insurance and surety. Its products are marketed by the regional mutuals, Gan Assurances agents, and specialist brokers. Its premium income totalled €37 million at 31 December 2012.

2.2.2.5 Agricultural insurance

The Group, the uncontested leader in this market in France (source: Fédération Française des Sociétés d'Assurances, 2011 data), continues to innovate and anticipate, either through new offers or through new services. In the tractor and agricultural equipment (TMA) market, the Titane Pro policy offers covers tailored to farm equipment. In climate multi-risk insurance, the Group has continued developing its offer with a very comprehensive range and holds more than 87,000 policies at the end of 2012.

In property damage/TPL agricultural insurance, the Group continued to roll out the "Reference" offer, covering property damage, professional liability, operating losses and livestock mortality. This offer combines essential operating cover with the latest guarantees tailored for new agricultural practices.

2.2.2.6 Professional insurance

This category includes craftspeople, traders, professionals, and company executives. Largely dominated by the networks of multi-line insurance agents, followed by the mutuals and the brokers, this is a highly coveted and profitable market. The Group has a comprehensive, updated range and diagnostic tools permitting risk analysis and advice as close as possible to customers.

2.2.2.7 Insurance for local authorities

As the leading insurer of local authorities and organisations, Groupama offers insurance policies and services that are designed for the long term.

In order to maximise property and personal security within a municipal framework, Groupama highlights its prevention services for today's risks: road safety, crisis management, prevention of climate risks, etc. The deployment of the Groupama – Prédict service in the prevention of climate risks with local authorities continued and expanded to three new risks in 2012.

2.2.2.8 Commercial insurance

In a difficult economic environment where insurable material is contracting, the French market for commercial insurance has been flat in 2012.

Focused primarily on farming cooperatives and SMEs, Groupama has one of the market's broadest ranges of products and services in both non-life and life.

2.2.3 LIFE AND HEALTH INSURANCE

Groupama SA generated premium income in life and health insurance of €4.9 billion (62% of premium income generated in France) at 31 December 2012.

2.2.3.1 Individual health insurance

With a portfolio of 1.3 million policies at 31 December 2012, the Group strengthened its leading position in individual health insurance, a position recognised for many years (source: FFSA, 2011).

2012 was mainly a year of commitments in actions intended to facilitate access to health care for customers and members and to improve the services available to them. The Group thus consolidated the third-party payer system, which prevents the policy holder from advancing his or her health care costs. Partnerships with health care professionals were strengthened, thanks to the territory-wide development of a network of hearing aid specialists and the continued development of partner dental and optical services, via Sévéance, a resource pooling EIG, created with Pro BTP. In addition, Groupama is gradually putting in place the "Optique Solidaire" system teaming up ophthalmic doctors, opticians, manufacturers and supplemental health organisations.

The appropriateness of its products and services for policy holders' needs has allowed Groupama to be distinguished by Dossiers de l'Épargne: the label of excellence was awarded to the Group for the quality of its health policy.

2.2.3.2 Individual protection, savings/pensions

At 31 December 2012, Groupama SA generated an income of €2.4 billion in individual retirement savings, down 25.6% compared to 2011, in a market in sharp decline.

The proportion of unit-linked (UL) policies in the individual retirement savings income is stable at 12%. Throughout the year, the Group offered temporary UL ranges and incorporated or developed innovative vehicles (Flexible Allocation, Europe Actions Immobilier, Actions Emergentes, etc.).

On the individual protection insurance market, the Group continues to be the leading player in an increasingly competitive market. In everyday accident, the Group holds a 12.3% market share with a portfolio valued at €74 million in annual contributions and 490,000 contracts, up 8.4% compared to 2011. In long-term care, the Group has a 21.4% market share with a portfolio of more than 200,000 contracts.

2.2.3.3 Group insurance

Group insurance activity has increased by 2.5% in 2012 with premium income of €1.5 billion. This reflects the strong growth in health and protection insurance.

Innovative products, relying on the Group's services (Sévéane partner network, for example) and adapted to market expectations, were designed in 2012, particularly the launch of a new health policy intended for business creators that is flexible, easy to purchase and particularly attractive.

This year, our health and protection products were again widely praised by the profession, a sign of recognition of the quality of our policies and services. The Dossiers de l'Épargne labels of excellence rewarded our policies for employees and majority Managers.

2.2.3.4 Employee Savings

Groupama Épargne Salariale is the Group subsidiary dedicated to employee savings. It designs products, coordinates commercial activity, manages policies and handles account transactions. Its products are predominantly distributed by the regional mutuals, Gan Assurances and Gan Prévoyance. Securities under management totalled €890 million at end-2012.

In 2012, more than 1,500 new customers signed up from French companies.

Products designed by Groupama Épargne Salariale were again awarded the Label of Excellence by Dossiers de l'Épargne.

2.3 INTERNATIONAL INSURANCE

Groupama SA generated international premium income of €2.7 billion in 2012, down 2.9% compared to 31 December 2011 on a like-for-like basis.

Property & casualty insurance premiums totalled €1,995 million (73% of the total). In life and health insurance, premium income totalled €731 million (27% of the total).

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

Premium income *(in millions of euros)*	31.12.2012	31.12.2011	31.12.2010	Change 2012/2011 [(4)]
International insurance	**2,727**	**4,293**	**4,349**	**-2.9%**
Italy	1,490	1,565	1,505	-4.8%
Turkey	398	383	373	+3.0%
Greece	167	190	195	-12.4%
Portugal	69	70	124	-1.1%
CEEC [(1)]	493	515	546	-0.5%
Other countries	110	102	101	+8.0%
Great Britain [(2)]	-	525	549	NA
Spain [(3)]	-	943	956	NA

(1) Central and Eastern European countries (Hungary, Romania, Bulgaria, Slovakia).
(2) Sale of Groupama Insurances Company Limited in 2012.
(3) Sale of Groupama Seguros Spain in 2012.
(4) At constant scope of consolidation, exchange rate and accounting methods.

2.3.1 ITALY

The Italian market is in decline by 10.2% in life insurance and by 2.1% in non-life insurance at 30 September 2012.

The Group is ranked 8th among non-life insurers and 23rd among life insurers in Italy (IVASS data - 2011).

Groupama Assicurazioni posted premium income of €1,490 million at 31 December 2012, primarily through a network of general agents throughout the country.

Premium income in property and casualty insurance totalled €1,149 million as at 31 December 2012 in a highly competitive environment. Groupama Assicurazioni continued to launch new non-life and life insurance products, particularly in passenger vehicles, of which the premium income represents 81% of the premiums issued in property and casualty insurance. In life and health insurance, premium income totalled €341 million as at 31 December 2012.

2.3.2 TURKEY

The development of insurance on the Turkish market remains supported with an increase of 18.2% in non-life insurance and 1.9% in life insurance as at 31 December 2012.

Groupama, Turkey's leading agricultural insurer, is ranked 8th in non-life insurance and 10th in life insurance (2012 TSB data).

Groupama Sigorta and Groupama Emeklilik posted premium income of €398 million as at 31 December 2012 by relying on a highly diversified distribution network made up of agents, partnerships, brokers and banking partners. At 31 December 2012, property and casualty insurance represented €318 million in premium income, and life and health insurance €79 million.

2012 saw the launch of new product offerings, notably in case of death or disability, and the signing of new partnership agreements. Groupama was named "2012 Insurance Company of the Year in Turkey" by World Finance magazine.

2.3.3 GREECE

The economic crisis had a heavy impact on the Greek insurance market, down 11.5% in non-life insurance and 9.1% in life insurance as at 30 November 2012.

Groupama Phoenix stood up well and ranks 9th in the Greek non-life and life insurance markets (2012 data from HAIC - Hellenic Association of Insurance Companies).

The €167 million in premium income as at 31 December 2012 was generated mainly by brokers and exclusive branches.

Premium income in property and casualty insurance, in a highly competitive market suffering the effects of the economic crisis, was €106 million and represented 63% of the business. In life and health insurance, Groupama Phoenix generated premium income of €61 million.

2.3.4 PORTUGAL

The Portuguese market is down 11.2% in life insurance and 3.7% in non-life insurance as at 30 November 2012.

Groupama Seguros is ranked 15th on the Portuguese life insurance market and 11th on the health insurance market (source APS, 2011 data).

In Portugal, Groupama Seguros offers multi-line insurance products distributed by networks of agents and intermediaries (bancassurance). At 31 December 2012, its premium income totalled €69 million.

Premium income in life and health insurance amounted to €61 million, which represented 88% of the business, while premium income in property casualty was €8 million.

2.3.5 CENTRAL AND EASTERN EUROPEAN COUNTRIES (CEEC)

Groupama's premium income for countries in Central and Eastern Europe totalled €493 million at 31 December 2012. The Group holds dominant positions in Hungary and Romania.

2.3.5.1 Hungary

On the Hungarian market, the economic recession led to a decrease of 8.0% in life insurance and 1.5% in non-life insurance at 30 September 2012.

The Group is ranked 3rd in non-life insurance and 6th in life insurance (Mabisz, 2012).

Groupama Garancia Biztosito posted premium income of €302 million at 31 December 2012, broken down as follows: €164 million from life and health insurance and €138 million from property and casualty insurance. 2012 saw the marketing of new products, particularly in life insurance, the introduction of a motor insurance assistance service, and the establishment of online subscription for Casco insurance and home insurance.

2.3.5.2 Romania

The Romanian market is up 1.7% in non-life insurance and 0.3% in life insurance as at 30 September 2012.

The Group is ranked 4th in the Romanian market in non-life insurance, with a market share of more than 11%, and 9th in life insurance (2012 CSA data).

Groupama Asigurari posted a premium income of €181 million at 31 December 2012, driven evenly by bancassurance, brokers, independent agents and the direct network. Property and casualty insurance constitutes the bulk of business with a premium income of €170 million.

In 2012, the Company received the PRIMM prize for the quality of its services.

2.3.5.3 Bulgaria

At the end of 2012, premium income from the Bulgarian subsidiaries Groupama Zastrahovane and Groupama Jivotozastrahovane amounted to €10 million, including €7 million in life and health insurance.

2.3.6 OVERSEAS REGIONS

Gan Outre-Mer remains one of the major insurance players both in the Antilles (Guadeloupe, Martinique) and in the Pacific (New Caledonia, French Polynesia, Wallis and Futuna), with premium income of €110 million at 31 December 2012, including €102 million from property and casualty insurance.

2.3.7 CHINA/VIETNAM

In China, the Group continues its partnership signed in 2010 with AVIC (Aviation Industry Corporation of China). The joint venture Groupama Avic, officially created on 28 March 2012, experienced very steady development over 2012. At the end of the year, the Group also obtained the licence to extend its authorisations to mandatory motor TPL insurance on the Chinese market.

In Vietnam, the Group is present on the non-life insurance market. Despite strong growth in 2012, premium income is currently marginal.

2.4 FINANCIAL AND BANKING ACTIVITIES

2.4.1 GROUPAMA BANQUE

Groupama Banque offers a range of products and banking services to individuals, companies and professionals and to companies of the Group; it is also developing a private banking activity. It is the parent company of the asset management subsidiaries of the Group.

Turnover at Groupama Banque as at 31 December 2012 rose by 1.5% to €125 million. In a weakened economic environment, Groupama Banque continued its development with several notable successes: the marketing of a progressive interest rate account (Élancio 2012) and an offering of credit that developed thanks to its good positioning. Groupama Banque had more than 557,000 customers at the end of 2012, including 543,000 individuals. Individual banking activity is up 6.1% for sight deposits, with assets of €1.1 billion at the end of 2012. Individual lending outstanding totalled €0.9 billion as at 31 December 2012.

Five Labels of Excellence were awarded by Dossiers de l'Épargne to Groupama Banque for the quality of its offering as well as the Mieux Vivre Votre Argent Corbeille d'Or award for performance of its UCITS range over one year.

2.4.2 GROUPAMA ASSET MANAGEMENT

Groupama Asset Management, a subsidiary dedicated to asset management, is ranked 7th among French management companies in the AFG ranking.

Groupama Asset Management posted revenues of €125 million at 31 December 2012, and its NBI reached €117 million. The assets under management at the end of 2012 totalled €90.4 billion, up 8% in one year. Groupama Asset Management recorded positive net inflows from its external clients of close to €600 million. Thus, third-party AUM represented 16% of total AUM at 31 December 2012.

In 2012, the Department of Investment Solutions was established, bringing together 30 specialists in ALM, to provide clients with a comprehensive support service such as allocation advice.

In line with the Group's policy and values, Groupama Asset Management makes Socially Responsible Investment (SRI) an integral part of its asset management activities.

The quality of management of the range of funds was again recognised this year, receiving the prize for top European management company having between 41 and 70 funds that have been listed for 7 years.

2.4.3 GROUPAMA PRIVATE EQUITY

On 7 January 2013, Groupama and the ACG group announced the signing of an agreement on the sale of 100% of the capital of Groupama Private Equity, a company dedicated to non-listed asset management, with assets under management amounting to €1.8 billion at the end of 2012.

This transaction has obtained the necessary authorisations from the relevant authorities and was realised the 29 March 2013.

In early 2013, the Group also sold its units held in two funds managed by Groupama Private Equity, FCPR Acto and FCPR Acto Capital 2, to Luxempart and Five Arrows Secondary Opportunities III, a fund of the Rothschild group.

2.4.4 GROUPAMA IMMOBILIER

The core activities of Groupama Immobilier are based on appreciation of properties under management, the administrative and financial management of leases and an advisory role for companies of the Group and for third parties.

Groupama Immobilier is ISO 9001-2000 certified for all its property management activities.

At the end of 2012, Groupama Immobilier managed an asset portfolio valued at €3.6 billion, consisting of commercial real estate (72%) and residential real estate (26%), mainly in Paris and its immediate suburbs, as well as forests (2%).

3

CORPORATE GOVERNANCE AND INTERNAL CONTROL

3.1 MEMBERSHIP OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1 BOARD OF DIRECTORS AS AT 17 JANUARY 2013

Chairman:

- Jean-Yves Dagès (1)

Vice-Chairman:

- Jean-Louis Pivard (2)

Directors:

Representing the controlling shareholder:

- Jean-Marie Bayeul
- Michel Baylet
- Annie Bocquet
- Daniel Collay (3)
- Amaury Cornut Chauvinc
- Michel L'Hostis (4)
- François Schmitt

Independent members:

- Anne Bouverot
- Caroline Grégoire Sainte Marie
- Bruno Rostain (5)

Employee representatives:

- Maria Frigara
- Brigitte Homo

Works Council representative:

- Rémi Paris

Secretary of the Board:

- Astrid Panosyan

(1) During its meeting on 30 May 2012, the Board of Directors named Jean-Yves Dagès as Vice-Chairman, then as Chairman of the Board of Directors, replacing Jean-Luc Baucherel, during its meeting on 14 December 2012.

(2) During its meeting on 25 April 2012, the Board of Directors co-opted Jean-Louis Pivard to replace Jean Baligand, then named him as Vice-Chairman, replacing Jean-Yves Dagès, during its meeting on 14 December 2012.

(3) During its meeting on 30 May 2012, the Board of Directors co-opted Daniel Collay to replace François Desnoues. It will submit his appointment to the General Meeting on 12 June 2013 for ratification.

(4) During its meeting on 17 January 2013, the Board of Directors co-opted Michel L'Hostis to replace Jean-Luc Baucherel. It will submit his appointment to the General Meeting on 12 June 2013 for ratification.

(5) During its meeting on 2 August 2012, the Board of Directors co-opted Bruno Rostain to replace Philippe Vassor. It will submit his appointment to the General Meeting on 12 June 2013 for ratification.

3.1.2 TERMS HELD BY THE DIRECTORS

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

JEAN-YVES DAGÈS

Date of birth: 21 July 1958

BUSINESS ADDRESS

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

Main role in the Company

Jean-Yves Dagès has been Chairman of the Board of Directors since 14 December 2012 and a Director since 3 August 2011. His terms expire at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

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

Main position outside the Company

- Farmer

Professional experience/Management expertise

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

Current terms of office

Served within the Group in France

Gan Assurances	Chairman of the Board of Directors	Since 12 October 2011
Groupama Holding	Director	Since 21 September 2011
	Chairman of the Board of Directors	Since 14 December 2012
Groupama Holding 2	Director	Since 21 September 2011
	Chairman of the Board of Directors	Since 14 December 2012
Groupama Immobilier	Director	Since 21 June 2005

Terms held from 2008 to 2012 no longer held by Mr Dagès

Served within the Group in France

Centaure Midi-Pyrénées	Permanent Representative of Groupama d'Oc, Director (end of term 25 June 2012)
Banque Finama	Permanent Representative of Misso, member of the Supervisory Board (end of term 1 October 2009)
Groupama Asset Management	Director (end of term 13 October 2011)
Groupama Assurance-Crédit	Permanent Representative of Groupama d'Oc, Director (end of term 13 October 2011)
Groupama Banque	Member of the Supervisory Board (end of term 1 October 2009), then Permanent Representative of Misso, Director (end of term 13 October 2011)
Groupama Holding	Vice-Chairman of the Board of Directors (end of term 14 December 2012)
Groupama Holding 2	Vice-Chairman of the Board of Directors (end of term 14 December 2012)
Groupama SA	Vice-Chairman of the Board of Directors (end of term 14 December 2012)

JEAN-LOUIS PIVARD

Date of birth: 27 May 1958

BUSINESS ADDRESS

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

Main role in the Company

Jean-Louis Pivard has been a Director since 25 April 2012 and Vice-Chairman of the Board of Directors since 14 December 2012. His terms expire at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

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

Main position outside the Company

- Farmer

Professional experience/Management expertise

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

Current terms of office

Served within the Group in France

Gan Assurances	Director	Since 7 March 2007
Gan Patrimoine	Chairman of the Board of Directors	Since 24 May 2012
Groupama Gan Vie	Director	Since 23 May 2012
Groupama Holding	Director	Since 18 April 2012
Groupama Holding 2	Director	Since 18 April 2012
Goupama Immobilier	Director	Since 7 March 2007

Terms held from 2008 to 2012 no longer held by Mr Pivard

Served within the Group in France

Gan Assurances Vie	Director (end of term 17 December 2009)

JEAN-MARIE BAYEUL

Date of birth: 25 August 1949

BUSINESS ADDRESS

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

Main role in the Company

Jean-Marie Bayeul has been a Director since 26 August 2009. His term expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

After serving as a member of the Compensation and Appointments Committee from 26 August 2009 to 14 December 2012, he has been a member of the Audit and Risk Management Committee since 14 December 2012.

Main position outside the Company

- Director of the OPA (Agricultural Trade Association)

Professional experience/Management expertise

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

Current terms of office

Served within the Group in France

Gan Patrimoine	Director	Since 9 July 2009
Groupama Assurance-Crédit	Director	Since 7 October 2009
	Chairman of the Board of Directors	Since 13 October 2011
Groupama Holding	Director	Since 16 September 2009
Groupama Holding 2	Director	Since 20 October 2009
SCA du Château d'Agassac	Member of the Management Board	Since 18 June 2010

Terms held from 2008 to 2012 no longer held by Mr Bayeul

Served within the Group in France

Groupama Transport	Chairman of the Board of Directors (end of term 31 December 2011)

3

MICHEL BAYLET

Date of birth: 29 September 1954

BUSINESS ADDRESS

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

Main role in the Company

Michel Baylet has been a Director since 29 June 2006. His term was renewed at the General Meeting on 27 May 2009 and expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

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

Main position outside the Company

- Farmer

Professional experience/Management expertise

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

Current terms of office

Served within the Group in France

Centaure Centre-Atlantique	Director	Since 14 June 2007
Gan Patrimoine	Director	Since 08 March 2005
Gan Prévoyance	Chairman of the Board of Directors	Since 11 July 2006
Groupama Holding	Director	Since 29 June 2006
Groupama Holding 2	Director	Since 29 June 2006
SCA du Château d'Agassac	Chairman of the Management Board	Since 28 January 2008
SCI du Château de Cap de Fouste	Member of the Supervisory Board	Since 27 June 2008
SCI du Domaine de Nalys	Director	Since 24 January 2008

Terms held from 2008 to 2012 no longer held by Mr Baylet

Served within the Group in France

Gan Patrimoine	Chairman of the Board of Directors (end of term 31 December 2009)
Groupama Holding	Vice-Chairman of the Board of Directors (end of term 23 May 2012)
Groupama Holding 2	Vice-Chairman of the Board of Directors (end of term 23 May 2012)
Groupama SA	Vice-Chairman of the Board of Directors (end of term 26 October 2011)
SCA du Château d'Agassac	Member of the Supervisory Board (end of term 1 January 2008)

ANNIE BOCQUET

Date of birth: 23 August 1950

BUSINESS ADDRESS

GROUPAMA NORD-EST
2, RUE LÉON PATOUX
BP 1028
51686 REIMS CEDEX 2

Main role in the Company

Annie Bocquet has been a Director since 30 June 2008. Her term was renewed at the General Meeting on 27 May 2009 and expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

She has been a member of the Compensation and Appointments Committee since 30 June 2008.

Main position outside the Company

- Farmer (retired)

Professional experience/Management expertise

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

Current terms of office

Served within the Group in France

Groupama Asset Management	Vice-Chairman of the Board of Directors	Since 26 November 2008
Groupama Banque	Chairman of the Board of Directors	Since 1 October 2009
Groupama Holding	Director	Since 27 August 2008
	Vice-Chairman of the Board of Directors	Since 14 December 2012
Groupama Holding 2	Director	Since 27 August 2008
	Vice-Chairman of the Board of Directors	Since 14 December 2012
Groupama Immobilier	Vice-Chairman of the Board of Directors	Since 9 October 2008

Terms held from 2008 to 2012 no longer held by Ms Bocquet

Served within the Group in France

Banque Finama	Chairman of the Supervisory Board (end of term 1 October 2009)
Gan Assurances IARD	Director (end of term 8 October 2008)
Gan Assurances Vie	Director (end of term 8 October 2008)
Groupama Banque	Chairman of the Supervisory Board (end of term 1 October 2009)
Groupama Holding	Non-voting Director (end of term 27 August 2008)
Groupama Holding 2	Non-voting Director (end of term 27 August 2008)

Served within the Group abroad

Groupama Assicurazioni Spa	Director (end of term 18 September 2009)
Groupama Vita Spa	Director (end of term 18 September 2009)
Nuova Tirrena	Director (end of term 18 September 2009)

ANNE BOUVEROT

Date of birth: 21 March 1966

BUSINESS ADDRESS

GSMA
5 NEW STREET SQUARE
LONDON EC4A 3BF
GREAT BRITAIN

Main role in the Company

Anne Bouverot has been an Independent Director since 29 October 2008. Her term expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2013.

She has also served as Chairman of the Agreements Committee since 25 May 2011 and was a member of the Audit and Risk Management Committee from 29 October 2008 to 14 December 2012.

Main position outside the Company

- Chief Executive Officer of the GSMA

Professional experience/Management expertise

Since September 2011: Chief Executive Officer of the GSMA

From 1992 to 2011: France Télécom group

- 2009 to 2011: Director of Staff Communication Department, France Télécom
- 2006 to 2009: Director of International Development, France Télécom
- 2004 to 2006: Director of the Office of the Chairman of Orange Plc
- 2002 to 2004: Vice-Chairman, IT Services Business Unit, Equant
- 1996 to 2001: Various roles at Global One: Director of Network Costs Optimisation, then Director of Internet Services Marketing, then Vice-Chairman for Global Bid Management
- 1992 to 1995: Manager, International Transmission Resources, France Télécom International Networks and Services

Current terms of office

Served outside the Group in France

Edenred	› Director	Since 29 June 2010

Served outside the Group abroad

GSMA	› Chief Executive Officer and Director	Since 1 September 2011

Terms held from 2008 to 2012 no longer held by Ms Bouverot

Served outside the Group in France

Orange SA	› Director (end of term 26 September 2011)

Served outside the Group abroad

France Télécom North America	› Chairman (end of term 30 March 2009)

DANIEL COLLAY

Date of birth: 17 January 1961

BUSINESS ADDRESS

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

Main role in the Company

Daniel Collay has been a Director since 30 May 2012. His term expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

He has been a member of the Agreements Committee since 14 December 2012.

Main position outside the Company

- Farmer

Professional experience/Management expertise

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

Current terms of office

Served within the Group in France

Gan Prévoyance	Director	Since 12 October 2011
Groupama Gan Vie	Director	Since 23 May 2012
Groupama Holding	Director	Since 23 May 2012
Groupama Holding 2	Director	Since 23 May 2012

Terms held from 2008 to 2012 no longer held by Mr Collay

None

AMAURY CORNUT-CHAUVINC

Date of birth: 17 January 1953

BUSINESS ADDRESS

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

Main role in the Company

Amaury Cornut-Chauvinc has been a Director since 30 May 2007. His term was renewed at the General Meeting on 27 May 2009 and expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

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

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Deputy Vice-Chairman of Fédération Nationale Groupama
- Chairman of Groupama Méditerranée

Current terms of office

Served within the Group in France

Groupama Gan Vie	› Chairman of the Board of Directors	Since 17 December 2009
Groupama Holding	› Director	Since 17 October 2007
Groupama Holding 2	› Director	Since 17 October 2007
SCA du Château d'Agassac	› Member of the Management Board	Since 11 September 2009
SCI du Château de Cap de Fouste	› Member of the Supervisory Board	Since 14 June 2007
	› Chairman of the Supervisory Board	Since 7 June 2011
SCI du Domaine de Nalys	› Director	Since 1 June 1999
	› Chairman of the Board of Directors	Since 6 December 2011

Served outside the Group in France

Paysan du Midi	› Director	Since 6 June 2007

Terms held from 2008 to 2012 no longer held by Mr Cornut-Chauvinc

Served within the Group in France

Gan Eurocourtage IARD	› Chairman of the Board of Directors (end of term 2 September 2009)
Gan Eurocourtage Vie	› Chairman of the Board of Directors (end of term 31 December 2009)
Groupama Assurance-Crédit	› Permanent Representative of Groupama Sud, Director (end of term 7 October 2009)
Mutuaide Assistance	› Chairman of the Board of Directors (end of term 1 January 2009)

Served within the Group abroad

Groupama Insurance Company Limited	› Director (end of term 8 September 2009)

Served outside the Group in France

Cave de Tain l'Hermitage	› Chairman of the Board of Directors (end of term 13 December 2010)
Société du Journal Midi Libre	› Permanent Representative of Groupama Sud, member of the Supervisory Board (end of term 31 December 2011)

CAROLINE GRÉGOIRE SAINTE MARIE

Date of birth: 27 October 1957

Main role in the Company

Caroline Grégoire Sainte Marie has been an Independent Director since 25 May 2011. Her term expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2016.

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

Main position outside the Company

- Company Director

Professional experience/Management expertise

2009 to 2011: Chairman of Frans Bonhomme (SAS)

2007 to 2009: Chief Executive Officer of Tarmac, France and Belgium

1997 to 2007: Lafarge

- 2004 to 2007: Chief Executive Officer of Lafarge Ciment Germany, Director of Mergers-Acquisitions of the Cement Branch
- 1997 to 2004: Financial and Legal Officer of the Specialist Metals Sector

1994 to 1997: Financial Officer of Albert Roussel Pharma

1983 to 1997: Various positions in the Management and Finance Control Department of Hoechst Pharma

Current terms of office

Served outside the Group in France

Safran *	Non-voting Director	Since 21 April 2011
Eramet *	Director	Since 25 May 2012

Served outside the Group abroad

FLSmidth *	Director	Since 30 March 2012

Terms held from 2008 to 2012 no longer held by Ms Grégoire Sainte Marie

Served outside the Group in France

Bonhom Management	Non-shareholding Manager (end of term 1 September 2011)
Bonhom SAS	Chief Executive Officer (end of term 29 April 2011)
Frans Bonhomme	Chairman (end of term 1 September 2011)
Tarmac France	Chairman & Chief Executive Officer (end of term 30 June 2009)

Served outside the Group abroad

Tarmac Belgique	Chairman & Chief Executive Officer (end of term 30 June 2009)

(*) Listed companies

MICHEL L'HOSTIS

Date of birth: 25 September 1955

BUSINESS ADDRESS

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

Main role in the Company

Michel L'Hostis has been a Director since 17 January 2013. His term expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

He has been a member of the Agreements Committee since 17 January 2013.

Main position outside the Company

- Farmer

Professional experience/Management expertise

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

Current terms of office

Served within the Group in France

Groupama Gan Vie	Director	Since 17 December 2009
Groupama Holding	Director	Since 20 February 2013
Groupama Holding 2	Director	Since 20 February 2013

Terms held from 2008 to 2012 no longer held by Mr L'Hostis

Served within the Group in France

Gan Eurocourtage	Director (end of term 31 December 2012)
Gan Eurocourtage Vie	Director (end of term 31 December 2009)
Groupama Vie	Director (end of term 31 December 2009)

BRUNO ROSTAIN

Date of birth: 18 April 1956

BUSINESS ADDRESS

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

Main role in the Company

Bruno Rostain has been an Independent Director since 2 August 2012. His term expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2016.

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

Main position outside the Company

- Chief Executive Officer of Blackfin Capital Partners

Professional experience/Management expertise

Since 2009: Chief Executive Officer of Blackfin Capital Partners

1991 to 2008: Aviva

- 2003 to 2008: Chairman of the Executive Board of Aviva France - Chairman of SEV and Aviva Direct - Chairman of Aviva Assurances and Aviva Vie
- 1999 to 2003: Deputy General Manager, then Chief Executive Officer of Aviva Vie (Commercial Union, Abeille, and Norwich Union, which became Aviva in 2002)
- 1998 to 1999: On assignment at Commercial Union Life of America, USA
- 1995 to 1998: Chief Executive Officer of Commercial Union Assurances
- 1992 to 1995: Director of the Brokerage Enterprise Division of Abeilles Assurances
- 1991 to 1992: Director of the Office of the Chairman and CEO, Victoire group

1989 to 1991: Ministry of Foreign Trade - Technical Adviser to the cabinet of Jean-Marie Rausch

1987 to 1989: Ministry of Agriculture - Representative to the Directorate Generate of Food

1985 to 1987: Regional Directorate of Industry and Research of Lorraine - Division head in charge of energy and mines

Current terms of office

Served outside the Group in France

Blackfin Assurance Courtage	Chairman	Since 25 January 2012
Blackfin Capital Partners	Chief Executive Officer	Since 19 March 2009
Compamut	Chairman	Since 12 December 2012
HSBC Assurances Vie	Director	Since 22 October 2009
Mister Assur	Chairman	Since 17 July 2012
Société Financière du Porte Monnaie Électronique Interbancaires (SFPMEI)	Director	Since 6 December 2010

Terms held from 2008 to 2012 no longer held by Mr Rostain	
Served outside the Group in France	
Antarius	› Director (end of term 30 September 2008)
Aviva Assurances	› Chairman of the Board of Directors (end of term 30 September 2008)
Aviva Courtage	› Director (end of term 30 September 2008)
Aviva France	› Chairman of the Executive Board (end of term 30 September 2008)
Aviva Investors France	› Chairman of the Supervisory Board (end of term 30 September 2008)
Aviva Participations	› Chief Executive Officer (end of term 24 July 2008), then Deputy Chief Executive Officer (end of term 30 September 2008)
Aviva Vie	› Chairman of the Board of Directors (end of term 30 September 2008)
Chateaudun Vinci	› Permanent Representative of Aviva France, Director (end of term 31 August 2008)
Épargne Actuelle	› Director (end of term 30 September 2008)
Eurofil	› Director (end of term 30 September 2008)
Médéric Épargne	› Director (end of term 30 September 2008)
Owliance	› Director (end of term 31 October 2012)
Société d'Épargne Viagère	› Chairman of the Board of Directors (end of term 30 September 2008)
Sogessur	› Director (end of term 30 September 2008)
Union Financière de France Banque	› Director (end of term 30 September 2008)
VIP Conseils	› Director (end of term 30 September 2008)

FRANÇOIS SCHMITT

Date of birth: 6 March 1963

BUSINESS ADDRESS

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

Main role in the Company

François Schmitt has been a Director since 30 June 2008. His term was renewed at the General Meeting on 27 May 2009 and expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

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

Main position outside the Company

- Farmer

Professional experience/Management expertise

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

Current terms of office

Served within the Group in France

Groupama Holding	› Director	Since 27 August 2008
Groupama Holding 2	› Director	Since 27 August 2008
Mutuaide Assistance	› Director	Since 8 October 2008
	› Chairman of the Board of Directors	Since 1 January 2009
SCI du Château de Cap de Fouste	› Member of the Supervisory Board	Since 10 June 2009
SCI du Domaine de Nalys	› Director	Since 10 December 2008

Terms held from 2008 to 2012 no longer held by Mr Schmitt

Served within the Group in France

Groupama Vie	› Director (end of term 31 December 2009)

Served outside the Group in France

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

MARIA FRIGARA

Born 1 October 1954

BUSINESS ADDRESS

GROUPAMA
IMMEUBLE LE DIAMANT
92800 PUTEAUX

Main role in the Company

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

Main position outside the Company

None

Professional experience/Management expertise

- Assistant in the Human Resources Department

Current terms of office

None

Terms held from 2008 to 2012 no longer held by Ms Frigara

None

BRIGITTE HOMO

Date of birth: 6 November 1958

BUSINESS ADDRESS

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

Main role in the Company

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

Main position outside the Company

None

Professional experience/Management expertise

- Coordination – French Insurance Department

Current terms of office

None

Terms held from 2008 to 2012 no longer held by Ms Homo

None

3.1.3 EXECUTIVE MANAGEMENT

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

Thierry Martel, Chief Executive Officer, and Christian Collin, Deputy Chief Executive Officer, are vested with the broadest powers to act on behalf of the Company under any and all circumstances. They exercise their authority within the limit of the corporate purpose and subject to the authority expressly granted to General Meetings and the Board of Directors and within the limits set by the bylaws and the Board of Directors (see section 3.2.1.4).

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

THIERRY MARTEL

Date of birth: 25 October 1963

BUSINESS ADDRESS

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

Main role in the Company

Thierry Martel was appointed Chief Executive Officer of Groupama SA on 24 October 2011. His term expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

Roles outside the Company

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

Professional experience/Management expertise

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

Graduated from the École Polytechnique in July 1985.

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

Certified member of the Institut des Actuaires Français

Current terms of office		
Served within the Group in France		
Groupama Holding	› Non-Director Chief Executive Officer	Since 26 October 2011
Groupama Holding 2	› Non-Director Chief Executive Officer	Since 14 December 2012
SGPS	› Manager	Since 21 March 2005
Served outside the Group in France		
La Banque Postale Assurances IARD	› Director	Since 10 December 2009
	› Vice-Chairman	Since 8 December 2011
Société Générale*	› Director	Since 22 May 2012

Terms held from 2008 to 2012 no longer held by Mr Martel	
Served within the Group in France	
Amaline Assurances	› Chairman of SAS (end of term 26 March 2008), then Chairman of the Board of Directors (end of term 21 March 2012)
Cegid group*	› Director (end of term 20 December 2011)
Gan Patrimoine	› Non-Director Chief Executive Officer (end of term 9 January 2012)
Groupama Banque	› Permanent Representative of Groupama SA, Director (end of term 13 October 2011), then Vice-Chairman of the Board of Directors (end of term 9 February 2012)
Groupama Gan Vie	› Non-Director Chief Executive Officer (from 26 September to 28 November 2012)
Groupama Holding 2	› Non-Director Chief Executive Officer (from 26 October 2011 to 19 September 2012)
Groupama Vie	› Non-Director Chief Executive Officer (end of term 31 December 2009)

* *Listed companies*

CHRISTIAN COLLIN

Date of birth: 11 May 1954

ADRESSE PROFESSIONNELLE

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

Main role in the Company

Christian Collin was appointed Deputy Chief Executive Officer of Groupama SA on 24 October 2011. His term expires at the close of the General Meeting convened to approve the financial statements for the year ending 31 December 2014.

Main position outside the Company

None

Professional experience/Management expertise

Since 2000: Groupama

- 2010 to October 2011: General Manager of Finance and Risk at Groupama
- 2005 to 2009: General Secretary – Group Strategy and HR Director. As of 2007, he also carried out roles in the Innovation Department and in early 2008, the Ethics and Sustainable Development Departments, as well as the M&A Department.
- 2002 to 2005: General Secretary of Groupama
- 2000 to 2002: Group Legal, Tax and Logistics Director in charge of the Gan restructuring and the Groupama SA/Gan SA merger
- 1980 to 2000: Gan group
- 1998 to 2000: following the Gan privatisation, served as Financial, Legal and Tax Director and Director of Strategic Marketing, Quality and Communications at Gan SA
- 1996 to 1998: Strategy and Finance Director in charge of the Gan restructuring plan
- 1991 to 1996: General Secretary at Gan
- 1986 to 1991: Head of General Affairs at Gan
- 1980 to 1986: Head of the Organisation Department at Gan Incendie Accidents

1978 to 1980: Banque de Développement Économique de Tunisie – Representative

1977 to 1978: Groupe Lafarge – Representative of the Financial Department of Ciments Lafarge

Graduated from ESCP Europe (1977)

Current terms of office		
Served within the Group in France		
Groupama Holding	Deputy Chief Executive Officer	Since 26 October 2011
Groupama Holding 2	Deputy Chief Executive Officer	Since 14 December 2012
Served outside the Group in France		
La Banque Postale Assurances IARD	Director	Since 10 December 2009
Gimar Finance & Compagnie	Permanent Representative of Groupama Investissements, member of the Supervisory Board	Since 6 December 2004
Served outside the Group abroad		
Mediobanca *	Director	Since 27 June 2012
STAR *	Director	Since 16 October 2008

* *Listed companies*

Terms held from 2008 to 2012 no longer held by Mr Collin	
Served within the Group in France	
CapsAuto	Director (end of term 24 November 2008)
Cegid Group *	Director (end of term 20 December 2011)
Cofintex 17	Chairman (end of term 22 December 2009)
Compagnie Foncière Parisienne	Chairman of the Board of Directors (end of term 5 October 2011)
Groupama Asset Management	Chairman of the Board of Directors (end of term 13 October 2011), then Permanent Representative of Gan Prévoyance, Director (end of term 4 May 2012)
Groupama Banque	Vice-Chairman (end of term 13 October 2011), then Permanent Representative of Groupama SA, Director (end of term 9 February 2012)
Groupama Holding 2	Deputy Chief Executive Officer (from 26 October 2011 to 19 September 2012), then Non-Director Chief Executive Officer (from 19 September to 14 December 2012)
Groupama Immobilier	Chairman of the Board of Directors (end of term 12 October 2011)
Groupama International	Director (end of term 31 December 2008)
Groupama Private Equity	Chairman of the Board of Directors (end of term 6 December 2011)
Silic *	Permanent Representative of Groupama SA, Director (end of term 22 June 2012)
Synaps	Director (end of term 20 December 2008)

* *Listed companies*

3.1.4 STEERING COMMITTEE

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

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

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

3.1.5 GROUP EXECUTIVE COMMITTEE

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

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

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

3.1.6 RELATIONS WITHIN THE MANAGEMENT BODIES

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

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

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

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

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

3.1.7 CONFLICTS OF INTEREST IN THE MANAGEMENT BODIES

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

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

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

3.1.8 LACK OF SERVICE AGREEMENTS

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

Sections 3.2., 3.3. and 3.4. below are the Chairman's report, drafted pursuant to Article L. 225-37 of the Commercial Code and Article R. 336-1 of the Insurance Code. This report, which was approved by the Groupama SA Board of Directors in its meeting of 20 February 2013, is based on the information compiled under the authority of the Groupama SA Executive Management. It describes the Groupama SA corporate governance, the rules adopted to calculate the compensation and other benefits granted to the Corporate Secretaries, the internal control system in effect in the Company at the end of 2012 and the Group's internal control system established by Groupama SA as a consolidating entity (subsidiaries) and a combining entity (subsidiaries and regional mutuals).

3.2 DISCLOSURES ON CORPORATE GOVERNANCE

3.2.1 BOARD OF DIRECTORS

3.2.1.1 Membership

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

- 12 Directors appointed by the General Meeting:
  - 9 Directors who are Chairmen of Groupama metropolitan regional mutuals, representing the controlling shareholder,
  - 3 Independent Directors as defined by the AFEP-MEDEF task force and repeated in the Internal Regulations of the Board of Directors (see appendix 4 of section 7.1.4.3);
- 2 Directors elected by the employees.

During fiscal year 2012, its membership was modified following the co-opting of Mr Jean-Louis Pivard to replace Mr Jean Baligand on 25 April 2012, Mr Daniel Collay to replace Mr Desnoues on 30 May 2012, and Mr Bruno Rostain to replace Mr Philippe Vassor on 2 August 2012, as well as the resignation without replacement of Mr Frédéric Lemoine on 15 March 2012 and Ms Marie-Ange Debon on 29 May 2012. The ratification of the provisional appointment of Mr Pivard occurred at the Company's Combined General Meeting on 30 May 2012. The ratification of the appointment of Mr Collay and Mr Rostain will occur during the Combined General Meeting on 12 June 2013 (see Fifth and Sixth Resolution).

On 17 January 2013, Mr Michel L'Hostis was co-opted to replace Mr Jean-Luc Baucherel. The ratification of his appointment will also occur during the Combined General Meeting on 12 June 2013 (see Seventh Resolution).

The average age of Directors is 56.

The proportion of female Directors is 21.4% excluding the two Directors elected by the employees (35.7% including them).

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

3.2.1.2 Duration and expiry of terms of office

The duration of the terms of office of the Directors appointed by the General Meeting is six years. These terms of office will expire, with regard to Directors representing the majority shareholder, during the 2015 Annual General Meeting and, with regard to the Independent Directors, during the 2014 Annual General Meeting for Ms Anne Bouverot and during the 2017 Annual General Meeting for Ms Caroline Grégoire Sainte Marie and Mr Bruno Rostain.

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

3.2.1.3 Responsibilities of the Board of Directors

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

In accordance with its corporate governance practices from mutualism, the Board of Directors elected to separate the duties of Chairman from those of Chief Executive Officer. Executive functions will thus be entrusted to a CEO who will be assisted by a Deputy Chief Executive Officer, and neither will serve as Directors.

3.2.1.4 Responsibilities of the Chairman of the Board of Directors

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

3.2.1.5 Authority reserved for the Board of Directors

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

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

Furthermore, the following decisions must be made by a two-thirds majority of the Board members present or represented:

- termination of the reinsurance agreement at the initiative of Groupama SA;
- vote by secret ballot: sanctions in the event of disagreement on recovery measures to be adopted by a Regional Mutual following an audit, pursuant to the agreement on security and solidarity plans;
- vote by secret ballot: any decision to resort to solidarity funds pursuant to the agreement on security and solidarity plans;
- termination of the agreement on security and solidarity plans at the initiative of Groupama SA.

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

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

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

Note that before this date, no limit was set for securities.

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

3.2.1.6 Code of Corporate Governance

Although Groupama SA is an unlisted company, it applies the Code of Corporate Governance in effect in France resulting from the AFEP-MEDEF recommendations. However, it does not apply some of its recommendations mainly because of the closed structure of its capital. Groupama SA's capital is now nearly 100% directly or indirectly held by the Groupama agricultural insurance and mutual reinsurance regional mutuals, and the Company has abandoned its planned public offering of capital. In 2012, the main exemptions from the recommendations from the Code of Corporate Governance in force were as follows:

- the duration of the term of office of Directors appointed by the General Meeting of the shareholders is not 4 years but 6; given the current situation, Groupama considers the maximum term provided by law to be most appropriate for the structure of its capital;
- the number of Independent Directors represents only 25% of the total number of Directors making up the Board of Directors (excluding Directors elected by the employees) and not one-third, the percentage recommended for companies having a controlling shareholder. However, the Company believes that this number, as things stand now, is appropriate given the Company's decision not to publicly offer its capital and sufficient in relation to the technical skills and the outside perspective that they provide as part of the work of the Board of Directors and also given that it allows each of the Independent Directors to be Chairman of one of the three committees of the Board of Directors;
- the proportion of independent members within the Audit and Risk Management Committee is 50% compared to the recommended two-thirds at least; this membership is meant to be more in line with the structure of the shareholding controlled almost completely by the Groupama regional mutuals; note that the Chairman of the committee is an Independent Director and that he has proven financial and insurance expertise;
- the Compensation and Appointments Committee does not have a majority of Independent Directors; the current membership of the committee reflects the presence of the controlling shareholder. This committee was also chaired by an Independent Director.

Lastly, note that the employment contract of the Chief Executive Officer and the Deputy Chief Executive Officer were maintained, given their seniority as employees within Groupama, with Mr Martel and Mr Collin being present within the Group for 23 and 34 years respectively.

3.2.1.7 Work of the Board in 2012

The Board of Directors met 17 times during fiscal year 2012 (including the Board of Directors seminar, which met over two days), compared to 14 times during fiscal year 2011 and 7 times in 2010. This increase in the frequency of Board of Directors meetings was a direct result of the impact of the economic and financial crisis on Groupama's accounts and the need for the Board of Directors to decide on appropriate recovery measures and be regularly informed by the Executive Management of their progress.

The attendance rate of the members of the Board of Directors was 94%, *i.e.* a high rate of mobilisation of Directors in relation to the number of Extraordinary Meetings that were organised during this fiscal year. The General Secretary of the Group carried out the duties of Secretary of the Board.

In 2012, the Board deliberated mainly on the following issues:

- the separate, consolidated and combined half-year and annual financial statements and the various reports required by the regulations;
- the review and adoption of measures necessary to strengthen the Group's financial position and the Group solvency margin, particularly: the balance sheet risk reduction policy, the adjustment of the asset allocation policy with the reduction of particularly the equity and real estate share in the total investment assets, the disposals of businesses and subsidiaries (Groupama Insurance and the brokerage firm Lark in Great Britain, Groupama Seguros in Spain, the Proama branch in Poland, and in France the property and casualty brokerage and maritime and transport portfolios of Gan Eurocourtage, as well as the Private Equity assets), the liability guarantees granted at that time and the measures to cut overhead expenses;
- restructuring of Greek debt and its withdrawal;
- financial transactions: real estate asset arbitrage, Groupama Gan Vie capital increases through contributions in kind, strengthening of the solvency of subsidiaries abroad, endorsements, securities and guarantees, hedging share/real estate/currency risk;
- merger/takeover of Gan Eurocourtage by Groupama SA;
- the financial rating;
- the reinsurance policy for 2013;
- adoption of the asset risk limit measures;
- provisional audit plan for 2013;
- governance with: evaluation of the operation of the Board of Directors, the year-end appointment of a new Chairman and a new Vice-Chairman, the adjustment of the membership of the committees of the Board of Directors, the bylaws, and the compensation of Corporate Secretaries.

Lastly, the Board of Directors acknowledged the work of the Board's three committees and reviewed certain matters on an informational basis:

- management chart of the Group's businesses;
- semi-annual review of the balance sheet and the guidelines of the financial investment policy;
- for risk management: strategic risk management (SRM), presentation of the non-life partial internal model in view of Solvency II, presentation of the image risk, work on stress tests and adverse scenarios, a status update on the Group's preparation for the planned implementation of the Solvency II standard;
- the primary strategic guidelines for the Group;
- the Group's strategy in Italy;
- review of the partnerships in France and abroad;
- 2011 balance sheet and guidelines of the human resources policy.

The 2012 financial statements were closed on 20 February 2013 by the Board of Directors, which also prepared the draft management report to which this report is appended and the text of draft resolutions to be presented to the General Meeting of shareholders on 12 June 2013. The 2012 financial statements were presented beforehand, for an opinion, to the Audit and Risk Management Committee, which examined them on 18 February 2013.

3.2.1.8 Internal Regulations of the Board of Directors

In its 10 January 2005 meeting, the Board of Directors adopted unanimously a set of Internal Regulations designed to specify its operating methods to supplement the Company's legal, regulatory and statutory provisions and to spell out the rights and obligations of the Board members.

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

In 2011, the Internal Regulations were amended in order to deal with the consequences of expanding the responsibilities of the audit and accounts committee to risk management (see 3.2.2.1 below).

These regulations are included in full in chapter 7, section 7.1.4.

3.2.2 THE COMMITTEES OF THE BOARD OF DIRECTORS

Pursuant to Article 14 of the bylaws, the Board may decide on the creation of committees in charge of studying issues submitted by it or its Chairman for review and to seek an opinion. In this context, under the Internal Regulations of the Groupama SA Board of Directors, the Board shall be assisted by technical committees in performing its responsibilities.

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

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

The provisions related to the organisation and operation of each of these committees are attached to the Internal Regulations (chapter 7, section 7.1.4).

3.2.2.1 The Audit and Risk Management Committee

In anticipation of the transposition of the 8th European Directive, applied at the end of 2008, Groupama created an Audit and Accounts Committee in February 2005.

In April 2011, Groupama SA's Board of Directors made the choice to expand the responsibilities of the Audit Committee to risk management, hence its name of Audit and Risk Management Committee.

(a) Membership

In 2012, the Audit and Risk Management Committee was made up of six members appointed by the Board of Directors, including:

- 3 Directors representing the controlling shareholder: Michel Baylet, Chairman of the Groupama Centre Atlantique regional mutual, Amaury Cornut-Chauvinc, Chairman of the Groupama Méditerranée regional mutual, and Jean-Yves Dagès, Chairman of the Groupama d'Oc regional mutual;
- 3 Independent Directors: Ms Anne Bouverot, Ms Caroline Grégoire Sainte Marie and Mr Bruno Rostain.

The Audit and Risk Management Committee is chaired by an Independent Director, Bruno Rostain, who succeeded Philippe Vassor on 2 August 2012.

It should be noted that the Executive Management of Groupama SA does not participate in the work of the Audit and Risk Management Committee except by special invitation and that it is represented by the Group Chief Financial Officer, accompanied by his Senior Accountant and the Group General Audit and Risk Manager, as well as by the General Secretary, who is also the secretary of the committee, accompanied by the Legal Director. Because of the unusual nature of 2011, which had a strong impact on the Group due to the economic and financial crisis, the Deputy Chief Executive Officer attended the Audit and Risk Management Committee's meetings until March 2012, the reporting date of the 2011 financial statements, and also attended four Extraordinary Meetings of the committee in order to present disposals businesses and subsidiaries brought about by the implementation of the determined recovery measures.

(b) Responsibilities

The Audit and Risk Management Committee has the following main responsibilities:

- examining the combined/consolidated/parent company draft half-annual and annual financial statements as well as the references and scope of consolidation;
- ensuring that the internal data collection and control procedures guarantee the quality and reliability of the Company's accounts;
- examining the performance of the statutory auditors' responsibilities and the amount of fees paid to them and to ensure compliance with the rules guaranteeing their independence;
- examining the financial investment policy and the asset/liabilities management;
- examining projects for external growth and disposals;
- and, since the Board of Directors meeting of 27 April 2011, monitoring the risk management policy, procedures and systems.

(c) 2012 activity

In 2012, the Audit and Risk Management Committee met 14 times compared to 10 times in 2011. This significant increase in the number of meetings of the committee in relation to the normal operating methods of such a committee is explained by the exceptional situation that the Group faced. The Audit and Risk Management Committee needed to meet more often in order to obtain regular updates on the Group's financial position, inform it of the progress of the determined recovery measures, and consult it particularly on disposal operations to be proposed to the Board of Directors.

The attendance rate was 92% compared to 85% in 2011.

In 2012, the Audit and Risk Management Committee focused its work on the following main topics:

Monitoring the Group's financial position and implementation of recovery measures

- Continuing on from the last meetings of fiscal year 2011 and in the context of the economic and financial crisis and its impact on the Group, the committee examined throughout 2012, before they were presented to the Board of Directors for information or decision, all of the measures considered to restore and strengthen the Group's financial situation, improve its management methods and ensure the adaptation of its organisation and its business scope to its solvency situation.
- The committee was consulted on all operations for disposal of businesses and subsidiaries: disposal of Groupama Insurance and the brokerage firm Lark in Great Britain, Groupama Seguros in Spain, the Proama branch in Poland, the private equity business in France, the property and casualty brokerage portfolios of Gan Eurocourtage and maritime and transport portfolios of Gan Eurocourtage in France, and the liability guarantees granted at that time.
- The committee was regularly informed of the status of the programme to reduce the risks of the balance sheet asset portfolios and the operations to reduce the business scope.
- Following up on the decisions taken at the end of 2011, the committee examined, in three meetings, the financial investment policy on the 2011 and 2012 retrospective component and the guidelines for fiscal year 2013.

Legal monitoring of annual and semi-annual financial statements

- The Audit and Risk Management Committee reviewed the 2011 annual and 2012 semi-annual combined, consolidated and parent company financial statements before they were presented to the Board of Directors and submitted to the Board its opinion on the financial statements as well as the call price of the Groupama SA share.

  In doing so, it provided the Board its opinion on the Management report, the Solvency report and the investment policy, the Chairman's report on internal control and the Reinsurance report for 2011.
- It also devoted two meetings during the year specifically to examining the principles, rules and options chosen to close both the annual and half-year financial statements so as to prevent and anticipate any difficulties with the closure of the books.
- It gave its opinion on draft press releases relating to the annual and semi-annual financial statements and was consulted on the draft 2011 registration document, which was registered with the Autorité des Marchés Financiers (AMF) on 27 April 2012 under number D.12-0466.

Risk monitoring

- As part of the Group's preparation for Solvency II, the overall implementation schedule of which currently appears to be unfinalised, the non-life partial internal model intended to be used, after approval by the French Autorité de Contrôle Prudentiel, in the calculation of the solvency capital required by Solvency II, as well as the strategic risk management (SRM) were presented to the committee.
- The committee was made aware of the results of the IMF stress test in which some subsidiaries participated based on the 2011 corporate financial statements in a Solvency I environment.
- The committee was informed of the launch of the (*Own Risk and Solvency Assessment*) project, which is a process for analysing and evaluating the risks and solvency of the Company.
- The committee was consulted on a proposed system for limiting primary and secondary risks for the Group, by asset category, and gave a favourable opinion to the Board of Directors for its implementation. This system is part of a pragmatic approach based on market benchmarks, reduction of the riskiest asset categories in a Solvency II environment, ACP commitments in terms of equity exposure and Solvency I constraints.
- It also acknowledged the performance of the 2012 audit program and of the 2013 draft audit plan as well as the reports on major litigation under way within the Group, anti-money laundering and financing of terrorism activities and the reinsurance policy for 2013.
- It reviewed Groupama SA's off-balance sheet commitments.

Follow-up of statutory auditors' responsibilities

- The committee examined the budget for fees of the statutory auditors for fiscal year 2011 and noted that they are higher than in the previous fiscal year because of specific due diligence measures carried out on the consolidated financial statements, brought about mainly by the economic and financial situation. Excluding these non-recurring fees, the audit fee budget would have been lower. The tasks carried out by the statutory auditors, excluding the legal audit of the financial statements, are higher than in the previous fiscal year, relating to Solvency II internal model certification due diligence measures.
- The committee confirmed the recommendation to renew the term of office of Mazars, which it had made to the Board of Directors in connection with the renewal in 2011 of the other statutory auditor firm. The term of office of Mazars was renewed by the Combined General Meeting of 30 May 2012. It is further noted that at every meeting, the committee heard the statutory auditors without management being present.
- The statutory auditors presented to the Audit and Risk Management Committee their strategic audit plan, which describes their responsibilities, the areas of particular attention and their audit approach in response to the identified risks.

Follow-up on certain financial transactions or projects

- The committee participated in discussions about the rating agencies and was consulted particularly about the desirability, within the context of changes in the Group's strategic guidelines, of abandoning one of the two financial rating agencies of Groupama.
- It was consulted about the decision not to pay the 2012 coupon of the super-subordinated security issued by Groupama SA in 2007 under the option contractually offered to it.
- It was informed about the renewal of the annual authorisation for the Company to issue bonds, the authorisation to use forward financial instruments to hedge the portfolio against equity, real estate, and currency risks and the renewal of the annual authorisation given to the Executive Management regarding endorsements, securities and guarantees.
- It also took note of the planned capital increases of Groupama Gan Vie in order to strengthen the coverage of its regulated commitments and the Romanian subsidiary Groupama Asigurari, financing of the subsidiary Groupama Épargne Salariale, issue by the Company of a letter of assurance for the subsidiary Groupama Phoenix in Greece at the request of the subsidiary's statutory auditors and issue of a guarantee of commitments of the Hungarian subsidiary Groupama Garancia Biztosito for portfolios in run-off.

3.2.2.2 The Compensation and Appointments Committee

(a) Membership

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

- 3 Directors representing the controlling shareholder: Annie Bocquet, Michel Baylet and François Schmitt;
- 1 Independent Director: Caroline Grégoire Sainte Marie.

The Compensation and Appointments Committee is chaired by an Independent Director, Caroline Grégoire Sainte Marie.

The Chairman of Groupama SA does not attend committee meetings. The General Secretary of Groupama SA represents the Company and performs the duties of secretary of the committee.

(b) Responsibilities

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

- to propose to the Board of Directors any questions relating to the personal status of the Corporate Secretaries, specifically compensation, retirement and any allocation of options for the subscription or purchase of Company shares, as well as provisions for the departure of members of the Company's management bodies;
- to make any proposals regarding the compensation of Corporate Secretaries and the allocation and distribution of Directors' fees;
- to assess the conditions, amount, and distribution of any options for the subscription or purchase of shares;
- to define the rules for setting the variable portion of the compensation of Corporate Secretaries and ensure the consistency of these rules with the annual assessment of the performance of the Corporate Secretaries and with the Group's medium-term strategies;
- to evaluate all compensation and benefits received by Directors, as applicable, from other companies of the Group, including retirement benefits and benefits of any kind;

- to organise a procedure to select future Independent Directors and to perform its own studies on potential candidates before any measure has been taken with regard to the latter;
- to verify annually the individual status of each Director with regard to the classification of Independent Director and communicate the conclusions of its examination to the Board of Directors;
- to perform annually tasks involving evaluation of the Board of Directors' operating methods and to communicate the conclusions of these tasks to the Board of Directors.

(c) 2012 activity

During fiscal year 2012, the Compensation and Appointments Committee met six times, and an additional meeting was organised by telephone, compared to five meetings in total in 2011. Each time, the committee presented a report on its activities to the Board of Directors. The attendance rate was 100%.

In 2012, the committee focused its work on the following main topics:

Status and compensation of Corporate Secretaries

- The committee analysed the conditions for termination of the term of office of the Chief Executive Officer and the Deputy Chief Executive Officer.
- It proposed 2011 variable compensation for the Chief Executive Officer and the Deputy Chief Executive Officer.
- The committee proposed the quantitative and qualitative objectives determining the variable compensation for the Chief Executive Officer and the Deputy Chief Executive Officer for fiscal year 2013.
- It examined the compensation components for the new Chairman of Groupama SA.

Directors' fee policy

In the context of the Group's financial position, the committee proposed a reduction in the maximum authorised amount for the distribution of Directors' fees, the budget allocated for Directors' fees to be distributed and a new distribution of these Directors' fees for 2012 then for 2013.

Verification of independence

The committee verified the independent status of the outside Directors of the Board of Directors with regard to the criteria set out in the AFEP-MEDEF Corporate Governance Code, included in the Company's Internal Regulations.

Director training

- The committee proposed a new training programme for the Directors in 2012.
- It examined the changes in case law of the third-party liability scheme for Directors.

Review of applications

- The committee reviewed applications for the replacement of an Independent Director and issued a proposal regarding a candidate.
- It proposed a new membership of the specialised committees of the Board of Directors because of changes within the Board.

Assessment of the operating methods of the Board of Directors and committees

- The committee analysed the results of the assessment of the work of the Board and the committees for fiscal year 2011 and proposed actions for improvement accordingly.
- It examined the application of AFEP-MEDEF recommendations on corporate governance following the benchmark on a set of companies.

3.2.2.3 The Agreements Committee

(a) Membership

The Agreements Committee has been made up of 3 members since 2 August 2012, including:

- 2 Directors representing the controlling shareholder: Daniel Collay, Chairman of Groupama Paris Val de Loire regional mutual, and Jean-Louis Pivard, Chairman of the Groupama Rhône-Alpes Auvergne regional mutual;
- 1 Independent Director: Ms Anne Bouverot.

This tightening of the membership of the Agreements Committee to three Directors compared to five previously results particularly from Groupama SA's decision to abandon its planned public offering of capital.

The Agreements Committee has been chaired by an Independent Director, Ms Anne Bouvertot, since 18 October 2011.

Along with the Legal Director, the General Secretary assisted the committee in its work continuously, in addition to serving as Committee Secretary.

(b) Responsibilities

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

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

(c) 2012 activity

In connection with the renewal of the Agreements Committee's membership, its members were asked about the desirability of maintaining the existence of this committee established in 2005, particularly in view of Groupama SA's planned public offering of capital and the concern about preserving the interests of its future minority shareholders. Considering the impact of the economic and financial crisis on the Group, the Groupama SA's planned public offering of capital was abandoned. However, it is apparent that since its establishment, the Agreements Committee had carried out significant work in identifying and monitoring agreements existing between the Mutual Insurance Division and the division made up of Groupama SA and its subsidiaries, which now makes the continuation of its activity to serve the balance and legal security of business relations between the two divisions fully legitimate and essential.

During fiscal year 2012, the Agreements Committee met three times: March, October, and December. On each occasion, it presented a report on its activities to the Board of Directors. The attendance rate was 91% (compared to 85% in 2011).

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

- the General Reinsurance Regulations in force that govern the operating methods of Internal Reinsurance between the regional mutuals and the reinsurer Groupama SA (see more specifically Note 44 on the related party transactions of the consolidated financial notes);
- the adjustment of the Groupama Banque general marketing agreement in December 2012 in order to comply with the banking and financial regulation law of 22 October 2010 having reformed the scheme of financial intermediaries, the adaptation of the IOBSP mandate dedicated to the marketing of banking products and services that constitute one of its appendices and the establishment of a related agent mandate for the provision of financial investment services. In addition, the annual Groupama Banque marketing agreement, which supplements the general agreement on the points requiring periodic updating such as production targets of the regional mutuals for fiscal year 2013, their compensation and quality objectives and a description of the supplementary resources provided by Groupama Banque to its networks were examined in October 2012;
- Groupama SA's financial support of the Group's major national programmes with the review (in March 2012) of the final 2011 results, as well as the detailed 2013 framework (in October 2012). This measure is aimed primarily at harmonising information technology (mergers/takeovers, development of common management systems) and monitoring the regional mutuals in their efforts to develop the private banking business line and, specifically, deposits and consumer loans;
- financial monitoring of sport sponsorship actions deployed by the regional mutuals for the 2012/2013 season, which is a function of the media coverage and contributes to Groupama's brand awareness on a national level (in October 2012), with the understanding that the objective is to not renew the football sponsorship agreements at their contractual end dates;
- the business relations existing between the regional mutuals and the subsidiaries, on the one hand, in the field of credit insurance (Groupama Assurance Crédit) and legal protection (Groupama Protection Juridique) in October 2012 and, on the other hand, individual health (SGPS) and personal life insurance (Groupama Gan Vie) in December 2012;
- the portion of the draft Groupama SA 2011 registration document for fiscal year 2011 (in February 2012), which is dedicated to transactions with related parties and sets out the organisational and operating structure for economic relations between Groupama SA and its subsidiaries and the regional mutuals, specifically the justification for a mechanism of financial support for the regional mutuals in implementing Groupama SA's major national programmes.

Lastly, the committee also examined the declaratory status of agreements entered into by the Directors, finding that none were cited in the statutory auditors' special report or in the summary list of regulatory agreements to be included in this report.

3.2.2.4 Membership of the committees

The Board of Directors of 14 December 2012, on the proposal of the Compensation and Appointments Committee, decided to adjust the membership of the committees as follows:

Committee	Members
Audit and Risk Management Committee	Bruno Rostain, Chairman
	Jean-Marie Bayeul
	Amaury Cornut-Chauvinc
	Caroline Grégoire Sainte Marie
	Jean-Louis Pivard
Compensation and Appointments Committee	Caroline Grégoire Sainte Marie, Chairman
	Michel Baylet
	Annie Bocquet
	François Schmitt
Agreements Committee	Anne Bouverot, Présidente
	Daniel Collay
	Michel L'Hostis *

* *Director starting 17 January 2013.*

3.2.3 EVALUATION OF THE BOARD OF DIRECTORS

Every year since 2005, Groupama SA has evaluated the operations of its Board of Directors and committees and, in this context, contracts for an outside evaluation every three years, in accordance with the recommendations of the AFEP-MEDEF Code. The last evaluation was carried out in 2010.

Considering the measures determined at the end of 2011 to improve the financial information of members of the Board of Directors, the revision of the working methods of the Board and specialised committees, the partial renewal of the Board of Directors and its tightening, and the decision taken in May 2012 by the Chairman of the Board, Mr Baucherel, to terminate his duties at the end of the year, he proposed, without waiting for the three-year term, carrying out an external evaluation in 2012.

The selected firm carried out this evaluation in the form of individual interviews with each of the Board members, relying on an interview guide that had been previously sent to them.

All of the results of this evaluation were communicated and discussed with the Directors during the Board of Directors seminar held in November 2012 over two days. In connection with this, a morning was devoted to organisation, by the firm responsible for the evaluation, of discussion workshops on areas for improvement in the operation of the Board of Directors, outside the presence of Management.

After the difficulties encountered by the Group at the end of 2011, all interviewed group of Directors felt that:

- the working environment of the Board of Directors and the committees had become calm again and conducive to substantive discussions thanks to the regular information that it received on the status of the determined measures;
- confidence was restored in the work of the specialised committees and the renewed Executive Management;
- the presence of the Independent Directors was desired and fully legitimate;
- the new Executive Management provided good control in management of the crisis and implementation of recovery measures.

Regarding the areas for improvement, the Directors believe that some work must still be done in order to strengthen the overall performance of the Board of Directors, particularly by:

- reinforcing the monitoring of the Group's technical and operational performance;
- providing more details in the Group's major strategic guidelines;
- continuing the Director training effort.

3.3 COMPENSATION PAID TO AND EQUITY INTERESTS OWNED BY MANAGEMENT

In accordance with the AFEP and MEDEF recommendations, consolidated into the Corporate Governance Code for listed companies, calculation of the compensation of Corporate Secretaries is the responsibility of the Board of Directors and is based on the proposals of the Compensation and Appointments Committee.

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

3.3.1 COMPENSATION AND BENEFITS PAID TO THE CORPORATE SECRETARIES OF GROUPAMA

3.3.1.1 Compensation paid to the members of the Board of Directors

A system for payment of Directors' fees was authorised by the Board of Directors on 20 October 2005 and approved by the General Meeting of 29 June 2006. Directors' fees are paid to all Groupama SA Directors, except for the Chairman of the Board, who receives compensation for his duties, and the Directors elected by the employees. As at 31 December 2012, 8 Directors representing the majority shareholder and 3 Independent Directors receive Directors' fees.

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

These Directors' fees are paid quarterly.

The Groupama SA Board of Directors proposed a reduction of the fixed and variable amounts starting from the second half of the year, and the General Meeting of 30 May 2012 reduced the budget allocated for Directors' fees from €1,100,000 to €1,045,100 starting from 2012, a decrease of 5% over the year.

For meetings in the first half of the year, the Directors thus received:

- a fixed portion of €12,250 for the Board's work and €2,550 per committee in compensation for their general responsibility;
- a variable portion of €3,050 per meeting for their actual participation in the meetings of the Board and the specialised committees of which they are members.

For meetings in the second half of the year, the Directors received:

- a fixed portion of €8,575 for the Board's work and €1,785 per committee;
- a variable portion of €2,288 per meeting for their actual participation in the meetings of the Board and the specialised committees of which they are members.

Lastly, for the sake of budgetary saving in line with the commitments made to reduce Directors' fees in 2012, the Board of Directors decided that for Directors attending meetings by phone:

- sessions scheduled in advance on the calendar of scheduled meetings are not compensated;
- in the event of additional Extraordinary Meetings, they are compensated with an abatement of 20% (*).

These decisions were implemented starting from the second half of 2012.

The Board of Directors meeting of 13 December 2012 maintained the level of Directors' fees at €1,045,100 with the following new distribution:

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

At that time, it was noted that additional sessions would not be compensated beyond the budget limits.

Moreover, in 2012 certain Groupama SA Directors received attendance fees as members of the Board of Directors of the holding company, Groupama Holding, the breakdown of which is summarised in the following table.

(*) *The Board of Directors meeting of 20 February 2013, on the proposal of the Compensation and Appointments Committee, decided to increase this abatement to 50% starting from 20 February 2013.*

DIRECTORS' FEES *(FIGURES IN EUROS)*

Members of the Board of Directors	Directors' fees paid in 2012			Directors' fees paid in 2011		
	By Groupama SA	By Groupama Holding	Total	By Groupama SA	By Groupama Holding	Total
Francis Aussat (until 22 June 2011)	-	-	-	64,900	37,650	102,550
Jean Baligand (until 11 April 2012)	60,550	12,300	72,850	72,300	55,300	127,600
Jean-Luc Baucherel (until 14 December 2012)	-	-	-	-	-	-
Jean-Marie Bayeul	74,656	55,059	129,715	75,350	55,300	130,650
Michel Baylet	91,432	60,319	151,751	87,550	75,300	162,850
Annie Bocquet	74,656	74,972	149,628	69,250	75,300	144,550
Anne Bouverot (2)	82,424	-	82,424	73,575	-	73,575
Daniel Collay (appointed 30 May 2012)	14,848	33,636	48,484	-	-	-
Amaury Cornut-Chauvinc	88,382	74,972	163,354	87,550	62,250	149,800
Jean-Yves Dagès (appointed 3 août 2011)	103,632	66,676	170,308	13,658	21,483	35,141
Marie-Ange Debon (2) (until 29 May 2012)	70,733	-	70,733	10,450	-	10,450
François Desnoues (until 10 May 2012)	47,342	18,433	65,775	72,300	55,300	127,600
Caroline Grégoire Sainte Marie (2) (appointed 25 May 2011)	129,700	-	129,700	24,350	-	24,350
Henri Durand (1) (until 28 February 2012)	-	-	-	-	-	-
Maria Frigara (1) (since 28 February 2012)	-	-	-	-	-	-
Michel Habig (until 30 May 2012)	43,783	-	43,783	58,050	-	58,050
Brigitte Homo (1)	-	-	-	-	-	-
Frédéric Lemoine (2) (until 15 mars 2012)	69,700	-	69,700	91,375		91,375
Jean-Louis Pivard (appointed 25 April 2012)	21,981	42,813	64,794	-	-	-
Bruno Rostain (2) (appointed 2 August 2012)	8,029	-	8,029	-	-	-
Jean Salmon (2) (until 25 May 2011)	-	-	-	55,750	-	55,750
François Schmitt	71,606	55,059	126,665	78,400	55,300	133,700
Philippe Vassor (2) (until 2 August 2012)	96,675	-	96,675	101,800	-	101,800
Jérôme Zanettacci (until 30 May 2012)	43,783	-	43,783	55,000	-	55,000
Regional Mutuals (3)	-	455,755	455,755	-	418,000	418,000
TOTAL (3) (4)	**1,193,912**	**949,994**	**2,143,906**	**1,091,608**	**911,183**	**2,002,791**

(1) Employee Directors for a period of four years; they do not receive compensation for their term of office.
(2) Independent Directors appointed by the General Meeting for a period of six years.
(3) Certain directors received directors' fees from Groupama Holding, amounting to €494,239 in 2012, versus €493,183 in 2011.
(4) Directors' fees due for 2012 by Groupama SA amounted to €1,036,724. The difference with the directors' fees paid during the year (€1,193,912 euros) comes from the offset of the fourth quarter, which is paid at the beginning of the following year.

3.3.2 COMPENSATION AND BENEFITS PAID TO DIRECTORS AND OFFICERS

3.3.2.1 Compensation

(a) Chairman

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

- gross annual compensation paid monthly over twelve months;
- rights to replacement income following the discontinuance of his business representing 13.6% of his gross annual compensation;
- housing provided by the Company and associated benefits reported as benefits in kind.

The Chairman of the Board of Directors proposed that his compensation be reduced by 10% in 2012, *i.e.*, gross annual compensation of €259,200.

Chairman (until 14 December 2012)

Having decided not to stand at the end of his term, the sitting Chairman resigned on 14 December 2012.

SUMMARY TABLE OF COMPENSATION OF OPTIONS AND STOCKS AWARDED *(FIGURES IN EUROS)*

Jean-Luc Baucherel (Chairman of the Board of Directors)	FY 2012	FY 2011
Compensation due during the year *(detailed in the following table)*	312,736	356,932
Value of options awarded during the year	Not applicable	Not applicable
Value of restricted stock awarded during the year	Not applicable	Not applicable
TOTAL	**312,736**	**356,932**

SUMMARY TABLE OF COMPENSATION *(FIGURES IN EUROS)*

	FY 2012		FY 2011	
Jean-Luc Baucherel (Chairman of the Board of Directors)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation (1)	247,886	247,886	288,000	288,000
Variable compensation	Not applicable	None	Not applicable	None
Extraordinary compensation	Not applicable	None	Not applicable	None
Director's fee	Not applicable	None	Not applicable	None
Benefits in kind (2)	64,850	64,850	68,932	68,932
TOTAL	**312,736**	**312,736**	**356,932**	**356,932**

(1) 2012 compensation until 14 December.
(2) Of which, benefits in kind:
- *in 2012, housing 31,137 and retirement 33,713;*
- *in 2011, housing 29.024 and retirement 39,908.*

Chairman (starting 14 December 2012)

The new Chairman assumed his functions on 14 December 2012.

SUMMARY TABLE OF COMPENSATION OF OPTIONS AND STOCKS AWARDED *(FIGURES IN EUROS)*

Jean-Yves Dagès (Chairman of the Board of Directors)	FY 2012	FY 2011
Compensation due during the year *(detailed in the next table)*	14,022	Not applicable
Value of options awarded during the year	Not applicable	Not applicable
Value of restricted stock awarded during the year	Not applicable	Not applicable
TOTAL	**14,022**	**0**

SUMMARY TABLE OF COMPENSATION *(FIGURES IN EUROS)*

	FY 2012		FY 2011	
Jean-Yves Dagès (Chairman of the Board of Directors)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation [(1)]	12,343	0	Not applicable	Not applicable
Variable compensation	Not applicable	None	Not applicable	None
Extraordinary compensation	Not applicable	None	Not applicable	None
Director's fee	Not applicable	None	Not applicable	None
Benefits in kind [(2)]	1,679	0	0	0
TOTAL	**14,022**	**0**	**0**	**0**

(1) The 2012 compensation will be paid in January 2013. The amount corresponds to the proportion of compensation for 2012 out of an annual compensation of €259,200.
(2) The benefit in kind corresponds to the retirement contribution due on the 2012 compensation.

(b) Executive Management

In late October 2011, the governance of Groupama SA changed with an Executive Management made up of a Chief Executive Officer and a Deputy Chief Executive Officer.

Groupama SA employees before their appointment, the Chief Executive Officer and the Deputy Chief Executive Officer became Corporate Secretaries with a suspended employment contract.

The tables below show the compensation of the Chief Executive Officer and the Deputy Chief Executive Officer.

Note that the 2012 variable compensation is calculated based on a target figure (80% of their respective fixed compensation) from quantitative criteria (60%) based on the achievement of key performance indicators (growth of combined P&C income and the UL share in the savings inflow, P&C combined ratio of the Group, solvency margin as at 31 December of the year) and qualitative criteria (40%) with regard to strategic objectives set at the end of the previous year. The quantitative criteria, qualitative criteria and amounts are set by the Groupama SA Board of Directors on the recommendation of the Compensation and Appointments Committee.

Chief Executive Officer

SUMMARY TABLE OF COMPENSATION OF OPTIONS AND STOCKS AWARDED
(FIGURES IN EUROS)

Thierry Martel	**FY 2012**	**FY 2011** *(from 24 October)*
Compensation due during the year *(detailed in the following table)*	981,806	164,320
Value of options awarded during the year	Not applicable	Not applicable
Value of restricted stock awarded during the year	Not applicable	Not applicable
TOTAL	**981,806**	**164,320**

SUMMARY TABLE OF COMPENSATION *(FIGURES IN EUROS)*

	FY 2012		FY 2011 *(from 24 October)*	
Thierry Martel (Chief Executive Officer)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation	600,000	600,000	114,286	114,286
Variable compensation [(1)]	345,200	46,000	46,000	-
Extraordinary compensation	Not applicable	Not applicable	Not applicable	Not applicable
Director's fee	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in kind [(2)]	36,606	36,606	4,034	4,034
TOTAL	**981,806**	**682,606**	**164,320**	**118,320**

(1) Variable compensation for 2011 corresponds to the amount allocated for fulfilling the term of office (i.e., since 24 October 2011) after 50% abatement in accordance with Executive Management's decision as part of the cost-cutting plan. This payment was made in March 2012.
(2) These refer to insurance, medical and vehicle benefits.

Deputy Chief Executive Officer

SUMMARY TABLE OF COMPENSATION OF OPTIONS AND STOCKS AWARDED

(FIGURES IN EUROS)

Christian Collin (Deputy Chief Executive Officer)	FY 2012	FY 2011 *(from 14 December)*
Compensation due during the year *(detailed in the following table)*	808,463	35,825
Value of options awarded during the year	Not applicable	Not applicable
Value of restricted stock awarded during the year	Not applicable	Not applicable
TOTAL	**808,463**	**35,825**

SUMMARY TABLE OF COMPENSATION *(FIGURES IN EUROS)*

	FY 2012		FY 2011 *(from 14 December)*	
Christian Collin (Deputy Chief Executive Officer)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation	500,000	500,000	24,621	24,621
Variable compensation (1)	271,000	10,000	10,000	-
Extraordinary compensation	Not applicable	Not applicable	Not applicable	Not applicable
Director's fee	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in kind (2)	37,463	37,463	1,204	1,204
TOTAL	**808,463**	**547,463**	**35,825**	**25,825**

(1) Variable compensation for 2011 corresponds to the amount allocated for fulfilling the term of office (i.e., since 14 December 2011) after 50% abatement in accordance with Executive Management's decision as part of the cost-cutting plan. This payment was made in March 2012.
(2) These refer to insurance, medical and vehicle benefits.

3.3.2.2 Stock subscription or purchase options awarded during the year to Corporate Secretaries

Name of the corporate officer	Plan no. and date	Type of options (purchase or subscription)	Value of shares according to the method used for the consolidated financial statements	Number of options awarded during the year	Strike price	Strike period
Jean-Luc Baucherel	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Jean-Yves Dagès	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Thierry Martel	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Christian Collin	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

3.3.2.3 Stock subscription or purchase options exercised during the year by Corporate Secretaries

Name of the corporate officer	Plan no. and date	Number of options exercised during the year	Strike price
Jean-Luc Baucherel	Not applicable	Not applicable	Not applicable
Jean-Yves Dagès	Not applicable	Not applicable	Not applicable
Thierry Martel	Not applicable	Not applicable	Not applicable
Christian Collin	Not applicable	Not applicable	Not applicable

3.3.2.4 Restricted stock awarded to Corporate Secretaries

Restricted stock awarded bythe General Shareholders' Meeting during the year to each corporate officer by the issuer and by any group company (nominative list)	Plan no. and date	Number of shares awarded during the fiscal year	Value of options according to the method used for the consolidated financial statements	Vesting date	Availability date	Performance conditions
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

3.3.2.5 Restricted stock vesting during the year for Corporate Secretaries

Restricted stock vesting for each corporate officer	Plan no. and date	Number of shares vesting during the fiscal year	Terms of vesting
Not applicable	Not applicable	Not applicable	Not applicable

3.3.2.6 History of stock subscription or purchase option awards

INFORMATION ABOUT SUBSCRIPTION OR PURCHASE OPTIONS

General Meeting date	Plans
Date of the Board of Directors meeting	Not applicable
Total number of shares that may be subscribed or purchased, of which, the number that may be subscribed or purchased by:	Not applicable
Corporate officers	Not applicable
Jean-Luc Baucherel	Not applicable
Jean-Yves Dagès	Not applicable
Thierry Martel	Not applicable
Christian Collin	Not applicable
Start date of exercise of the options	Not applicable
Expiry date	Not applicable
Subscription or purchase price	Not applicable
Exercise terms (if the plan contains several tranches)	Not applicable
Number of shares subscribed as at 31 December 2012	Not applicable
Total number of subscription or purchase options cancelled or expired	Not applicable
Stock subscription or purchase options remaining at year-end	Not applicable

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

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

3.3.2.8 Summary of the status of the Corporate Secretaries

Corporate Officers	Employment Contract		Supplementary retirement system		Payments or benefits due or likely to be due for cessation or change of duties		Payment for non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Jean-Luc Baucherel Chairman of the Board of Directors Term start date: 26 August 2004 Term end date: 14 December 2012		X	X			X		X
Jean-Yves Dagès Chairman of the Board of Directors Term start date: 14 December 2012 Term end date: 2015		X	X			X		X
Thierry Martel Chief Executive Officer Term start date: 24 October 2011 Term end date: 2015	X (1)		X			X		X
Christian Collin Deputy Chief Executive Officer Term start date: 14 December 2011 Term end date: 2015	X (1)		X			X		X

(1) Suspended employment contract.

3.3.3 MEMBERS OF THE STEERING COMMITTEE

3.3.3.1 Compensation

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

It is worth noting that the Steering Committee, including the Chief Executive Officer and the Deputy Chief Executive Officer, has comprised 12 members since 19 November 2012. The average number in 2012 was 11 members.

	2012	2011
(Figures in euros)	Gross amount paid during the year	Gross amount paid during the year
Steering Committee members (1)	4,608,110	5,378,641
Average number of members during the year	11	10

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

3.3.3.2 Retirement commitments made for the members of the Steering Committee

A defined-benefits system was established by agreement on 26 June 2001 for the members of the Steering Committee; this agreement was amended by agreement on 22 March 2004, then by agreement on 5 December 2005.

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

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

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

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

The total amount of the commitment at 31 December 2012 was €30,349,035.

3.4 REPORT ON INTERNAL CONTROL

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

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

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

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

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

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

- within the Groupama SA division, by capital ties. The main 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 internal control.

  A list of the main subsidiaries and sub-subsidiaries is made and updated regularly by the Legal Department within the Corporate Secretary of Groupama SA. Moreover, the scope of consolidation in the books of Groupama SA is presented in the notes to the consolidated financial statements;
- in the Mutual Insurance Division:
  - by an Internal Reinsurance contractual mechanism between the regional mutuals and Groupama SA and defined by an insurance agreement with terms updated every year,
  - by a security and joint liability agreement between all the regional mutuals and Groupama SA ("Agreement defining the security and joint solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricoles that are members of Fédération Nationale Groupama").

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

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

3.4.1 CONTROL ENVIRONMENT

3.4.1.1 Strategy

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

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

In a context of a financial market crisis, the Group undertook a set of actions in 2012 to restore its financial position aiming to reduce its market risk exposure. As part of this, the Group also redefined its scope of strategic involvement and particularly carried out the disposals of its brokerage and transport businesses in France as well as its Spanish and British insurance subsidiaries.

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

The strategic plan is defined for a period of three years: the work conducted in 2012 led to defining the SOP for 2013-2015.

The SOP calendar was adjusted in connection with the budget process in order to take the impact of pricing revaluations decided for the next year into account in the validated objectives.

Its content particularly relates to:

- whether the operational plans managed by the Groupama SA Business Departments and by the companies have been executed;
- whether the Company has met key business objectives by business line: premium income, new business, loss ratio, combined ratio, etc.;
- the policy income statements of the principal business lines of the companies in the Group;
- each company's objectives in terms of contribution to Group earnings.

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

- the Group's Strategy Department defines the strategic framework, subject to approval by the Group's management bodies;

- a preparation phase upstream of the Business Departments making it possible to analyse the environment and its prospects as well as the Group's situation on each Business Line;
- a phase of quantification of the three-year forecasts and action plans to be implemented in order to achieve them, done by each entity and shared during discussions.

The national consolidation of objectives was validated by the Group's executive bodies.

Internationally, each subsidiary develops a Strategic Operational Plan just like the other entities of the Group, submitted to the International Subsidiaries Department for validation before being incorporated into the Group consolidation. Quarterly business reviews are held with each subsidiary under the coordination of the International Subsidiaries Department and the Group Financial Controlling Department in order to share the quantified assumptions and the actions plans for achieving them and to validate the results obtained. These business reviews are also based on an analysis of the environment specific to each country or market.

3.4.1.2 Human resources (HR)

The responsibilities of the Group HRD cover three main areas:

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

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

  The Group HRD is also in charge of employee relations of the UES [(2)] with the goal of steering all information/consultation processes relating to the projects and activities of the companies that make it up (Groupama SA, Groupama Gan Vie, Groupama Réseaux Spécialisés – Gan Patrimoine and Gan Prévoyance, Groupama Supports et Services, Gan Assurances);
- activities related to the HRD of the "company" Groupama SA in order to carry out internal checks to make certain that labour laws and regulations are properly enforced: compliance with legal and contractual obligations related to corporate dialogue, human resources development (diversity and non-discrimination, etc.), and to employment contracts, vocational training, occupational health, production and transmission of statistics, legal reports, etc.;
- "Shared service centre" activities for all payroll operations and the administration of personnel for 12 companies of the Group including Groupama SA and 9,300 monthly payrolls.

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

- the Groupama-Gan-Recrute (recruitment) and Mouvy (internal mobility – career visibility) sites used by all its French companies permitting better efficiency of operations aiming to fill positions that the Group needs and consistency of image as well as having a back-office platform for recruiters meeting the requirements for security, compliance, and traceability of applications;
- the GroupamaTalents application: this secure, dedicated computerised tool is deployed for the collection and sharing of data (job descriptions, career history and progress portfolio of skills, etc.) necessary for conducting annual performance interviews (support integrated into the tool) and conducting company and group personnel reviews (identification of key competencies, sensitive positions and construction of succession plans). It is now open to 13,000 employees in the Group, including all executives, and nine companies have already extended it to all personnel categories. Its deployment continues.

Lastly, the Group HRD ensures the preparation of the work of the Technical Careers Committee, a body of Chief Executive Officers of the regional mutuals and Groupama SA that handles, during monthly meetings, appointments, identification of key competencies, sensitive positions and the construction of succession plans for Manager positions.

In 2012, the group HRD also implemented:

- the Group opinion poll, every two years, to measure the level of confidence and adherence to the Group's strategy and employee perceptions about the conditions for carrying out their duties (management, HR processes, training, etc.); 73% of employees responded to the survey. Given the results, an action plan has been constructed by each company. The consolidation revealed 139 "opinion poll actions" divided into five major areas: career & talents, well-being at work, management, commitment, recognition & compensation;
- the social component of operations for disposal of subsidiaries and reduction of staff related to the programmes undertaken to restore the Group's solvency and profitability.

Lastly, as part of the social rating initiative conducted with VIGEO (the results of which were published in early 2012), the HR and human rights components have been assessed as meaningful. The Group's commitments in this area will be continued by translating them into quantitative and qualitative objectives for the next three years on the following four topics: professional gender equality, alternance training, employment of disabled workers and prevention of psychosocial risks.

(1) *Groupama Social Development Unit.*
The UDSG is an association governed by the French law of 1901 grouping together all companies of the agricultural mutual insurance scope. Groupama SA is part of it as well as the regional mutuals, for example. Legally, UDSG negotiations are done an inter-company level and cannot substitute for company negotiations. The UDSG sets community conventional framework and is a driving force behind certain non-mandatory topics, such as integration of disabled worker.

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

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

3.4.1.3 Monitoring of subsidiaries

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

- Group Finance Department for financial subsidiaries;
- French Subsidiaries Department for French insurance subsidiaries;
- International Subsidiaries Department for foreign subsidiaries;
- Insurance, Banking and Services Department for service subsidiaries and Groupama Banque.

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

(a) Activity monitoring and financial reporting

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

This approach is based on a process of estimated management common to all entities. It is implemented and coordinated by the Group Financial Controlling Department and is based on core group standards for developing estimates, approved by the Executive Management and updated regularly. The process calls for establishing yearly estimates of results for the next three fiscal years, and then updating four times the estimate for the first fiscal year of that three-year period.

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

Before the close of each fiscal year, the Group Financial Controlling Department supplements the monitoring programme and compiles an analysis of levels estimates for each company compared to the Group's provision standards. This analysis has resulted in a report intended for the Executive Management.

This monitoring system is supplemented by business reviews held at least twice a year for Group subsidiaries in France and internationally, involving the Executive Management of Groupama SA and the management of these subsidiaries with the participation of the International Subsidiaries and French Subsidiaries Departments.

The business reviews and April/May review thus focus on the previous year's results, the analysis of the currents year's results and outlook and the review of the Company's medium-term strategy. These exchanges ensure, in particular, that the Company's strategic guidelines conform to the Group framework.

The business reviews and November/December review are aimed at analysing the year-end closing conditions, explaining the progress of the accounts and year-end figures, and presenting the framework of the major objectives for the upcoming year.

Since 2010, these business reviews include a specific "risk" section, presenting, by entity, the level of deployment of the internal control system and the main activities under way in the area of risk management.

(b) Management of the subsidiaries' assets

The Investment Department has established a system requiring Groupama SA, the French subsidiaries and the international subsidiaries to hold Financial Committee meetings or asset allocation meetings at least three times per year. They are attended by the representatives of the entity, the Group Finance Department, and, where appropriate, the subsidiary's Department affiliation (international subsidiaries, French insurance subsidiaries (see point 3.4.4.3)).

These Finance Committees, whose role is to ensure that assets are managed as effectively as possible:

- propose the strategic allocation of assets based on Asset/Liability Management tools;
- monitor and analyse the transactions previously conducted;
- analyse the financial performance of Managers;
- decide on the schedule for achieving the target allocation.

The assets of Groupama SA and the subsidiaries are mainly managed by Groupama Asset Management and Groupama Immobilier (see point 3.4.4.2). For subsidiaries outside of the eurozone (Turkey, Romania, and Bulgaria) (€1 billion overall) not having mandated Groupama Asset Management for the management of their financial assets, committee meetings bringing together the Investment Department, the subsidiary, and, where appropriate, the asset Manager allow the implementation of the allocation decided upon in the Finance Committee meeting to be monitored.

(c) Asset/Liability Management of the subsidiaries

The Asset/Liability Management of the subsidiaries is done jointly by each subsidiary and the Group Finance Department, with the help of appropriate software and methods; Asset/Liability Management control is done particularly as part of Finance Committees (see above).

(d) Design of new products

The design of new products or any upgrade that changes the economic balance was formalised in 2012 as part of a standard process taking changes in the Group's organisation into account. Its current variation on property and casualty products of regional mutuals and French Subsidiaries will be extended in 2013 to the products of Groupama Gan Vie and the international subsidiaries (see point 3.4.5.5 (a)).

3.4.2 INTERNAL CONTROL

3.4.2.1 Internal control principles and objectives

Establishing a complete and effective internal control system for the Groupama group as a whole is a top priority in order to:

- enhance operational security and control over earnings;

- prevent and manage risks;
- gain operational efficiency;
- improve customer satisfaction;
- and ultimately meet current regulatory requirements and anticipate subsequent requirements, related notably to the future Solvency II system.

In that context, the general principles, objectives and organisation of the Group's internal control were defined in the internal control charter validated by the Groupama Executive Committee in March 2009. 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. As auditing is part of the internal control procedure, an audit charter, also approved by Groupama's Executive Committee in March 2009, supplements the provisions of the internal control charter with respect to its own operating rules and scope of operation. A compliance charter approved by Groupama's Executive Committee in October 2009, defining the general scope for the implementation and workings of the compliance policy within the Group and consistent with the Group's internal control charters, completes the internal control system.

All Group companies and Groupama SA departments participate in or conduct preliminary work prior to the implementation of the new Solvency II standard. Efforts toward this goal have intensified mostly since 2009 and particularly since 2011 to anticipate future requirements of the second Pillar of Solvency II.

In order to establish a shared governance and process foundation built on Solvency II principles, the Group's Executive Boards outlined the general strategies of the Pillar 2 project in late 2009 and validated in June 2010 the trajectory and work required first on a pilot project, which could then be deployed throughout the Group's other companies. The pilot project completed along with Groupama SA departments and a regional mutual starting in the second half of 2010 was conducted at four sites handling the essential features of Pillar 2: organisation and governance, risk policy and risk management process, process and risk mapping, a permanent control plan and change management.

As they became validated by the Group's Executive Boards, deliverables produced by these sites have gradually been made available to the French and international companies since January 2011. They are currently in the process of roll-out then implementation in all entities of the Group with the methodological support and operational monitoring of deployment by the Group Risk and Internal Control Department (in collaboration with the International Subsidiaries Department for the subsidiaries concerned).

The Group's overall internal control system was also enriched in 2012 as part of complementary projects particularly pertaining to the quality of the data used to feed the three pillars of Solvency II (see point 3.4.5.2), the development and adaptation of a risk limit system (see 3.4.5.3) and the design and deployment of a community tool for management of operational risks (see point 3.4.5.13).

This approach is part of a global continuous improvement process.

It is inspired by good practices on the topic such as COSO 2 and Enterprise Risk Management (ERM) particularly in order to take into account, beyond control activities, all risks to which the Group may be exposed, the global management of these risks and their integration into the management of the activity (risk strategy, risk tolerance, risk profile, risk measurement systems, reporting, etc.).

To this end, the deliverables of the various projects conducted as part of the deployment of the principles of Pillar 2 of Solvency in all entities of the Group now constitute the Group standard of reference.

Lastly, the Group ethics procedure, laid down in Groupama's ethics charter, defines the Group's business ethics commitments and principles and sets out rules of conduct for its employees. Groupama's Executive Committee validated the ethics charter in November 2008. The charter has been implemented since 2009 in the Group's French companies, after providing information to and consulting with the employee representative bodies of all the entities. Implementation of the charter within international companies was finalised in late 2010, in compliance with the procedures and systems specific to each company. The Ethics Committee, tasked with following up on ethics-related issues in the Group, has met twice yearly since 2010. In 2012, it met on 20 March and 20 November. A status update was presented to it on the commercial practices in the Group and respect for customer interests as well as the growth objectives for the Group regarding parity and diversity (intergenerational, disabilities).

3.4.2.2 Internal control organisation

(a) At the Group level

Permanent services

Since 1 December 2011, the Group Internal Control and Risk Management Department and the Group General Audit Department report to the Groupama SA Deputy Chief Executive Officer, under the responsibility of the Group General Audit and Risk Manager (DAGRG).

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

GROUP INTERNAL CONTROL AND RISK MANAGEMENT DEPARTMENT (DRCIG)

In 2012, the Group Internal Control and Risk Management Department (DRCIG) was reinforced with the recruitment of a Manager of financial and insurance risks and the affiliation of the Groupama SA Internal Control special function. At the end of 2012, the DRCIG thus has a dedicated team of fourteen people.

The aim of DRCIG responsibilities is to ensure that all Group companies comply with Executive Management's internal control and risk management requirements as well as those of the second Pillar of Solvency II. Its primary role is therefore to:

- foster and maintain an internal control and risk management culture within the Group's companies by leading working groups and specialised workshops (see below) as well as relevant communications sent to the Executive Management of each group company with on-the-ground support for internal control teams;

- steer (ahead of time) the implementation of the Internal Control programme in the Group's companies;
- coordinate mitigation plan qualification, quantification and definition for all group risks;
- advise and assist the Group's companies particularly in the operational implementation of new legislative texts, ACP recommendations or even changes in existing texts, in coordination with the Group's experts where appropriate;
- ensure (after the fact) compliance of companies with group requirements and regulations;
- debrief group executive and deliberative bodies as well as the regulator about the Group's internal control and risk management mechanism.

In this regard, two key roles required by the Solvency II Directive are the responsibility of DRCIG, *i.e.*:

- risk management;
- ongoing control and compliance.

In 2012, the primary issues addressed by the Group Internal Control and Risk Management Department focused on improving the systems for internal control and risk management in preparing the Group for the impact of applying the Solvency II Directive, specifically:

- supporting and monitoring the deployment of the Group deliverables of Pillar 2 in the Group's entities;
- developing and starting production (over 2012 and 2013) of an EU operational risk management tool built on a shared methodology that offers a consolidated overview of group-wide risks and satisfies control safety and tracking requirements;
- continuing the Risk Tolerance project after validation in 2011 of the general framework of the Risk Tolerance system by the Group's bodies, the 2012 work having focused on the development of the limit system with:
  - reinforcement of the framework for limits of risks on financial assets, a framework presented to the Audit and Risk Management Committee on 5 December 2012 and approved by the Groupama SA Board of Directors on 13 December 2012,
  - the Risk-Adjusted Profitability project, with an initial methodological development phase and initial quantified illustrations for non-life activities. This project, managed by the DRCIG, is conducted with the Group Financial Controlling Department, the Group Actuarial Department and the Business Departments and must serve as a basis for the development of limits by business line;
- contributing to the cross-functional project for data quality under the direction of the Group Financial Controlling Department;
- launching the ORSA (Own Risk and Solvency Assessment) project in fourth quarter 2012 aiming to formalise the group's ORSA policy and produce a first group ORSA "white paper" report in 2013;
- promoting a culture of risks within the Group specifically by getting involved in the regional mutuals, Groupama SA subsidiaries and in Groupama departments on the subject of Solvency II, its impacts, preparing the Group to implement it and the essential nature of internal control and the current development with the Group Human Resources Department of e-learning modules on internal control.

In addition to these initiatives to improve the Solvency II internal control and preparation programme, the other main areas in which the DRCIG is involved are:

- coordinating the Group's compliance initiatives particularly in connection with the strengthening of regulatory requirements regarding customer protection;
- organising the network of Risk and Control officers appointed within each company, and organising meetings to share experiences among the Group's companies, which since 2010 has specifically included, in addition to regular working groups (see below), regularly scheduled thematic or sharing workshops on operational risk and permanent control, internal fraud and compliance for companies in France as well as training sessions (on financial risks and the rating of operational risks for fiscal year 2012);
- the annual internal control questionnaire campaign was also relaunched at the end of 2012. This self-evaluation questionnaire makes it possible to take stock of the internal control system and its level of deployment (at both the entity level and the Group level) and uniformly measures the progress of the Group's companies in their preparation for the future requirements of Pillar 2 of Solvency. The broader areas covered in the annual questionnaire such as compliance, the Business Continuity Plan, data quality and the Actuarial key role, supplement the regular self-evaluation of the level of deployment of the projects of Pillar 2 of Solvency II, thereby ensuring a complete overview of the degree to which the Group is complying with the future requirements of Pillar 2 of Solvency II;
- coordination of the Group system of governance of risks particularly through the Group Risk Management Committees by risk family (insurance, financial and operational) established in first quarter 2012 (replacing the Technical Risk Committee) and the Group Risk Management Committee (see below).

THE GROUP GENERAL AUDIT DEPARTMENT

At year-end 2012, the Group General Audit Department included 11 employees. It operates across the entire group.

The tasks are decided upon and planned by the Groupama SA Executive Management as part of an annual audit plan approved by the Audit and Risk Management Committee and the Board of Directors of Groupama SA. During the year, this plan incorporates special requests from Executive Management.

Each audit task is the subject of a detailed report presenting the findings, conclusions and recommendations to the Executive Management of the audited entity and the Executive Management of Groupama SA. An update on the progress of the recommendations is communicated on a quarterly basis to the Groupama SA Executive Management and the Managers of the various scopes concerned (France, International, Finance) of Groupama. The main conclusions of the audit tasks as well as the monitoring of the implementation of recommendations are also regularly presented to the Audit and Risk Management Committee of Groupama SA.

In 2012, the Group General Audit Department conducted twelve tasks on the Group's entities in order to ensure, in particular, respect for economic and financial balances, the application of regulatory provisions, the appropriate implementation of the internal control and risk management system, and, more specifically for the regional mutuals, compliance with the General Reinsurance Regulations. The audits involved a financial subsidiary, a support and service subsidiary, three insurance subsidiaries, five regional mutuals in France and two international insurance subsidiaries.

In addition, under Article 13 of the General Reinsurance Regulations, a regional mutual of which the transferred result on the basic risks was a loss in the accumulation of two consecutive annual inventories was the subject of a specific audit mission in order to establish the causes of the loss and evaluate the actions undertaken or to be undertaken to re-establish the balances. At the request of Groupama SA Executive Management and as part of the enhanced monitoring of recommendations initiated in 2012, specific tasks assessed at 10 person-days each were conducted on insurance and financial subsidiaries in France.

The coordination of the internal audit function continued with the convention of the Group's auditors held in January 2012 on the topic of optimisation of conducting internal audit tasks (design of work programmes, use of data analysis tools, communication of results, etc.). The topics covered in the quarterly working groups held with the entities of the France scope mainly involved the process of an internal audit task, the optimisation of monitoring of recommendations and the approach for development of the audit plan based on the risks.

In addition, the Group General Audit Department held bilateral meetings with the Internal Audit Managers of the French entities on issues related to the design of the 2013 audit plans and the performance of cross-functional audits planned in 2013.

Work to identify methods that may be made available to the community of auditors was performed by the Group General Audit Department. The purpose of this process is to disseminate best practices within the Group and capitalise on the work in the field of all internal audit teams.

Lastly, in order to have an overall view of the risks covered by the audit, a biannual report entered operational mode at the end of December 2012.

Risk Committees

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

GROUP COMMITTEES SPECIALISED BY RISK FAMILY

These specialised committees replace the Technical Risk Committee in force until the end of 2011. Their broader field of involvement, with the examination of all risks and a systematic focus on major group risks, makes it possible to ensure continuity of action from the Group Risk Management Committee to which they relate up to the working groups and committees in charge of activities carrying risks. The specialised committees are chaired by a member of the Steering Committee. The Group Internal Control and Risk Management Department provides coordination and secretarial support to these committees.

GROUP FINANCIAL RISK COMMITTEE (CRFG)

Made up of the Deputy Chief Executive Officer (Chairman), Managers of the Group Financial and Investment, Group Actuarial, Insurance, Banking and Services, Group Internal Control and Risks Departments and representatives of the French subsidiaries/International Subsidiaries Departments and banking and Asset Management subsidiaries, it is responsible for proposing to the Group Risk Management Committee the policy and rules governing the acceptance and retention of financial risks. Its duties are the following:

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

The committee met three times during 2012 (March, July and November). The main topics covered were:

- presentation and validation of the Group Financial Risk Management Committee's charter as well as the revision of the Group financial risk management policy;
- reviews of the main financial risks and the balance sheet derisking policy;
- updates on the progress of the risk tolerance project, Groupama SA financing, net inflows and liquidity risk and the Group's solvency situation;
- presentation of the risk limit system on financial assets.

GROUP INSURANCE RISK COMMITTEE (CRAG)

Made up of Directors of the Insurance, Banking, and Services Department (Chairman), Insurance and Agricultural Business Departments, SOP Management and Coordination, the Group Financial Controlling Department, the Group Internal Control and Risk Management Department and the Investment Department, representatives of the French subsidiaries/International Subsidiaries Departments and Groupama Gan Vie, it is responsible for proposing the policy and rules governing the acceptance and retention of insurance risks to the Group Risk Management Committee. Its duties are the following:

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

The committee met three times during 2012 (April, July and November). The main topics covered were:

- presentation and validation of the charter of the Group Insurance Risk Management Committee as well as the Group insurance risk management policy;
- review and plans for control of major insurance risks;

- progress updates on the methodological work for risk tolerance and capital allocation (RACR), the non-life internal model, the non-life reserves policy, the process for creating and establishing new products and the examination of the guidelines of the 2013 reinsurance programme.

GROUP OPERATIONAL RISK COMMITTEE (CROG)

This committee is made up of the Managers of the Groupama SA departments who "own" the major operational risks identified (see section 3.4.5.1) and is chaired by the Audit, Risks and Internal Control Director. Its duties are the following:

- defining the operational risk management policy (including compliance and reputation) and ensuring that it is properly taken into account in the entities;
- defining and checking the budgets and operational risk limits consistent with the Group risk tolerance;
- monitoring all Group operational risks and especially group major operational risks;
- defining the policy for coverage against operational risks (operating risk insurance, BCP, crisis communication, etc.);
- alerting the Group's Management where appropriate.

The committee met three times during 2012. The main topics covered were:

- review and plans for control of Group major risks;
- progress updates on the mapping of processes, operational risks and the permanent control system within the Group's entities;
- progress updates on the planned EU tool for operational risk management ORop;
- updating of the Group operational risk policy.

GROUP RISK COMMITTEE (CRG)

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

Its tasks are to approve the risk management policy, particularly by setting the limits of major risks and determining the methods to be used to manage the risks and reviewing and monitoring the management of major group risks. This committee met twice in 2012 to review pending work and worksites and to analyse areas requiring vigilance and action plans for managing these risks together with the "owners" of major group risks, with particular attention on derisking of the Group's balance sheet and the establishment of the risk limit system.

Cross-functional committees

In addition to the specific risk committees (CRG and committees specialised by risk family), the Director of the Audit, Risks and Internal Control Department chairs two cross-functional committees, allowing him to coordinate two important fields involved in the control of the Group's risks: partial internal model and data quality.

INTERNAL MODEL GROUP COMMITTEE (CGMI)

The Internal Model Group Committee (CGMI), coordinated by the Group Actuarial Department, is a body for discussion and decisions on the work related to the internal model. As part of this, it takes an active role in the process of validation of the internal model. Its responsibilities are defined and detailed in the Group governance charter for the internal model and in the Group policy for changing the internal model. It reports to the Group Insurance Risk Committee. It has given authority to the Group Data Quality Committee chaired by the Audit and Risk Management Director (CRO) on data quality aspects (see below).

GROUP DATA QUALITY COMMITTEE (CGQD)

The Group Data Quality Committee, led by the Group management control function, defines the Group data quality policy, verifies its operational implementation and steers projects necessary to improve data quality. Under the internal model, the CGQD ensures the sufficient level of quality (completeness, accuracy, relevance) of the data both in entry of the model into calibration and after calibration. It relies on a network of data Managers in charge of controls on collection processes. The CGQD prepares a Group report allowing it to monitor quality. The CGQD reports directly to the Group Risk Committee (see point 3.4.5.2).

(b) Within the entities

The internal control system of the entities and GIE Groupama Supports et Services is organised around three complementary systems:

- internal control of every entity;
- internal or operational auditing of every entity;
- the Group Internal Control and General Audit Department answerable to the Executive Management of Groupama SA.

The first two systems are adapted to each entity based on its organisation, activities and resources and the local regulations abroad, under the authority of the Executive Management. Group deliverables for Pillar 2 of Solvency II were being implemented as of the end of 2012, especially on the Organisation and Governance project. On this late project, Management Committees for specific risks are being formed, and key Solvency II roles are largely undertaken based on "typical" charters for risk governance bodies and descriptions of engagements to calibrate key roles, approved by the Group's Executive Boards in January and March 2011, respectively.

Regarding the "Mapping of processes, risks and permanent control plan" project, the work currently in progress in each entity pertains to the deployment of deliverables produced during the "pilot" on all business line and functional processes.

Monitoring of the progress of the Pillar 2 projects is shared during Internal Control and Risk Management working groups (RCI WG of regional mutuals, French and International subsidiaries) of the entities and is the subject of regular reporting to the Steering Committee/Group Executive Committee (see point 3.4.2.2. a).

Integration of the permanent control plans is undergoing tooling in a software package recognised on the market having become a community tool with operational implementation in 2013. This tool will also permit the management of incidents and action plans.

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

(c) Within Groupama SA

In addition to the entities and GIE Groupama Supports et Services, implementing the internal control system at the level of the functional and operational activities of Groupama SA is the responsibility of the different officers in charge of these activities under the authority of the Steering Committee. The area of responsibility of each of these Managers is determined by the delegations of authority approved. Since 2010, internal control of the Groupama SA corporate entity has been strengthened and structured with the creation of a specific unit attached since March 2012 to the Group Internal Control and Risk Management Department. It is organised into five divisions combining all the units and business and functional departments of Groupama SA and is based on a network of internal control correspondents. Groupama SA also prepares a report for the Group Internal Control and Risk Management Department focusing on the same subjects as the entities (see above).

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

These working groups are inter-company entities in the Groupama SA Mutual Division responsible for communications, exchanges and coordination and in certain cases involving underwriting decisions. Those working groups that play a significant role in terms of internal control are the following:

Internal Control and Risk Management WG

The Internal Control and Risk Management WG of the regional mutuals, coordinated by the Group Internal Control and Risk Management Department, is a platform for exchange providing to the regional mutuals particularly:

- support for deployment of the internal control system and monitoring of, in particular:
  - major group risks with involvement if necessary by the affected risk owners on the establishment of the system for management of risk and its measurement,
  - major risks of the regional mutual with, in 2012, the presentation and examination of the common methodology for evaluation of the major risks of the Group's entities;
- updates on news about the future Solvency II regulations, the impacts of their application, the work and group deliverables of the Pillar 2 project, as well as the methods of their deployment;
- a summary of the work conducted in connection with the topical workshops on operational risks, compliance, internal fraud and the Bank Life activity (see below);
- the assessment of self-evaluation reports produced annually on internal control;
- sharing of experience and best practices.

The Internal Control and Risk Management WG of the regional mutuals met twice during 2012 in March and June respectively and was supplemented in late November 2012 by a special workshop in which the Groupama d'Oc pilot mutual particularly presented and shared its experience in rolling out the four projects of Pillar 2, one year after its implementation.

Similarly, within the context of the Internal Control and Risk Management WG of the French subsidiaries, the Risk Management/ Internal Control Managers of Groupama SA's French insurance subsidiaries held three meetings in 2012 on subjects similar to those of the regional mutuals.

The Internal Control and Risk Management WG of the financial subsidiaries, which addresses and takes into account the specific characteristics of the Financial Division, met twice in 2012 (April and July). This WG made up of Internal Control Managers of Groupama Banque, Groupama Banque subsidiaries (Groupama Asset Management, Groupama Private Equity, and Groupama Immobilier), and Groupama Épargne Salariale now affiliated with the Insurance, Banking and Services Department.

Lastly, the Internal Control and Risk Management WG devoted to international subsidiaries met twice for fiscal year 2012 (March and October). During fiscal year 2012, monthly bilateral talks conducted jointly with the International Subsidiaries Department were established in order to monitor especially the deployment of four projects of Pillar 2 (risk policy, governance, mapping of risks and controls, change management).

The WG's meetings, in conjunction with the international subsidiaries (Italy, Portugal, Hungary, Romania, Bulgaria, Greece, Turkey, Gan Outre-Mer Iard (Pacific and Antilles)), address general topics similar to those addressed with the French entities but also aim to ensure the uniform deployment of Pillar 2 across all subsidiaries.

In addition to these meetings, topical workshops are organised on a regular basis with the French Subsidiaries of Groupama SA and the regional mutuals with reporting to the WGs (see above 3.4.2.2 a). Ad hoc working groups are also formed, led by the Internal Control and Risk Management Department and reporting to the WGs on common issues, such as the improvement of the Permanent Control Descriptions on a given activity or the reinforcement of the methodology for evaluating operational risks.

More specifically, regarding compliance topics, three Group Compliance workshops, as well as three sub-workshops, were organised during fiscal year 2012, focusing on the following topics:

- definition of the non-compliance risk;
- tasks entrusted to the Compliance Managers in the entities;
- the compliance action plan;
- the customer protection action plan;
- the operational adaptation of recommendation 2011-R-05 of the ACP related to the processing of claims.

Similarly, regarding internal fraud, monitored for the Group by the Group Internal Control and Risk Management Department, specific workshops were conducted on:

- the review of the biannual reporting;
- the drafting of a draft Group procedure for handling internal fraud as well as the updating of the notification sheet with cases to be communicated over time to the DRCIG

In Bank Life, a special workshop, jointly coordinated by the Groupama Banque senior inspector and the Manager of internal control, quality and compliance of Groupama Gan Vie under the responsibility of the Group Internal Control and Risk Management Department, brings together the Internal Control Managers of each entity marketing the Group's banking and life insurance offering (regional mutuals, Groupama Gan Vie, Gan Assurances, Gan Patrimoine, etc.).

Based on the best practices existing at the various distributors, it aims to develop the control synergies that exist between the system for marketing banking products and system for marketing life insurance products in order to establish a consistent, simplified control system for the networks.

This workshop, which reports directly to the Internal Control and Risk Management WG of the regional mutuals, was launched in October 2011. In 2012, it was held four times and permitted the formalisation and improvement of common Permanent Control Descriptions related to Life and Banking processes.

Steering and Management Control WG

It meets quarterly for the regional mutuals and semi-annually for the French and International subsidiaries to validate the management indicators and tools and to develop a shared analysis of results and forecasts. It serves as a forum for dialogue with the regional mutuals and profit centres in France and internationally concerning management control issues and is led by the affected sectors of the Group Financial Controlling Department.

Accounting, Taxes, Consolidation WG

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

The entities participating in this WG are the regional mutuals and the Group's operational subsidiaries. Moreover, this WG is responsible for defining the corporate accounting standards and consolidation standards with the assistance of the representatives of the accounting finance and tax units of all the business sectors in which the Group is involved.

Regional Mutuals Reinsurance WG

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

3.4.3 COMPLIANCE

3.4.3.1 Compliance charter

The general principles, goals and organisational structure of the Group Compliance Department are defined in the compliance charter approved by the Group Executive Committee in October 2009.

The Group's compliance system defined in the compliance charter aims to ensure that all Group practices comply with legal provisions, regulations, administrative requirements and trade standards, as well as the Group's internal rules, charters and procedures. Compliance covers all Group activities and specifies the measures to be set up under the responsibility of the entities (mapping, implementation of control procedures, training, etc.) as well as that of the Group. In this context, the Group Compliance Department within the Group Internal Control and Risk Management Department is particularly in charge of supporting the entities in the operational implementation of compliance rules (new legislative or regulatory texts, standards coming from supervisory authorities, etc.).

3.4.3.2 Compliance of business activities with laws and regulations

(a) Application of corporate law and the Commercial Code

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

(b) Application of corporate regulations

In addition to the actions carried out to better guarantee compliance with labour laws and regulations by the Group and its companies, the Group Human Resources Department (DRGH) took actions in 2012 aiming to:

- guarantee reliability and effectiveness of payroll and personnel administration operations are guaranteed by means of a service contract with the Administration and Payroll Shared Services Centre with:
  - ongoing payroll management and employee reporting, using specialised software hosted in part by a supplier in order to secure the personnel database. Access to the data is fully protected,
  - establishment of traceability of all operations (administration, work time and platform for discussions with employees) and deployment of internal control over the "payroll management" scope with definition of 14 Permanent Control Descriptions (e.g. payroll, social contributions, deposits and advances, wage policy, etc.) and the use of the EU tool ORop starting in January 2013 to carry out permanent controls;
- strengthen the Group "Working Life Quality" (QVT) agreement entered into in February 2011 with all representative union organisations: implementation of operations for raising awareness and training of Managers, HR teams and staff representatives on prevention of psychosocial risks, systems for counselling and psychological support for employees established by PSYA, work with the labour and management representatives within the labour/management dialogue committee.

Within this framework, it was agreed to gradually establish a system for the diagnostic processes and concerted action plans dedicated to the prevention of psychosocial risks (RPS) in all companies of the Group in France.

Also note that the Group's companies are gradually implementing, without waiting for the implementing decrees, the obligation to appoint an employee in charge of the prevention of professional risks or an IPRP.

In order to strengthen the skills of employees or agents of the Group, the training offering has been enriched as part of the property and casualty Insurance and Life-Savings business line training, particularly with:

- e-learning programmes on:
  - anti-money laundering, for which two actions were taken in parallel in 2012:
    - updating of the awareness education already existing;
    - design of more in-depth training for personnel "exposed/very exposed" to anti-money laundering to be deployed starting in 2013;

- IT and Freedom Act: becoming familiar with the fundamentals of the regulations on the protection of personal data to be integrated into its everyday activity, a module placed online in late 2012;
- Lagarde/Consumer Credit law (tests conducted in late 2012 for deployment in early 2013);

› continuation in 2012 of training dedicated to the asset management advisor profession with, for example:

- morals, ethics, compliance and regulations: providing reminders of the main rules of ethics and morals and the most important regulatory and compliance elements to which salespeople are subject; strict compliance with these regulations makes this module mandatory for a specialised wealth management adviser (CGP)/Wealth Expert/Specialised Wealth Inspector or Financial Advisor of the Group;
- the 3rd cycle fundamentals of wealth management course (38 days of training – AUREP organisation): permit the acquisition of theoretical and practical knowledge on the financial, legal and tax aspects of Wealth Management, permit a better approach to the needs of customers and improvement of the quality of recommendations and decrease the risks of non-compliance with the recommendations made.

  Three cycles have already been organised for 68 people; the 4th class of 2012/2013 is in progress with 19 people.

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

The Legal Department within the Corporate Secretary of Groupama SA ensures, on behalf of the Business Departments of Groupama SA, the French insurance subsidiaries, as well as the regional mutuals, a function of:

› monitoring and analysing legislation and case law and other standards (FFSA professional standards, ACP recommendations) having an impact on the insurance activity; (marketing, communication, advertising, development, subscription, execution and termination of insurance products, etc.);

› necessary anticipation and support in the implementation of new regulations related to this activity (in particular, ACP recommendation on the processing of claims, pension reform, new definition applicable to objective employee categories for group insurance);

› 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 (significant partnerships entered into with La Banque Postale and Mutuelle Nationale Territoriale);

› legal and tax advice (tax products);

› relations with the administrative control authorities (Prudential Control Authority, Orias, DGCCRF, antitrust authority) and support as part of these controls and any consequences on the insurance business;

› and more specifically over fiscal year 2012, support for transfers of Allianz and Helvetia portfolios occurring as part of the disposal of the brokerage and transport businesses of Gan Eurocourtage.

It manages or contributes to the legal-themed working groups (Group Insurance Legal Committee, WG on UL marketing, Quality WG, Group Compliance Workshop, participation in the monitoring group established in 2011 on unit-linked window operations in personal life insurance, business line correspondent meetings with the Savings and Protection and Individual Health Departments, etc.).

It also organises and coordinates training for French insurance entities of the Group and their distribution networks (training on non-life insurance, group insurance and personal life insurance: matrimonial property regimes, beneficiary clauses, Madelin agreements, insurance bases, third-party liability, non-payment of premiums and the legal context applicable to customer protection).

Note that it is also involved in providing legal support to the Group's service subsidiaries such as Cofintext or CapsAuto, as well as support to Groupama Banque, particularly as part of the implementation of the reform of IOBSP intermediaries as of 1 January 2013 (participation in the approval of new IOBSP mandates and related agents and discussions about the implementation of professional capability requirements).

Lastly, it participates in the work of the FFSA (distribution commission, legal committee, FFSA WG, etc.) and prepares reports for the affected departments, making it possible to disseminate the Profession's position in connection with, for example, the implementation of new regulations. For this purpose, over fiscal year 2012, the most significant working groups in which the insurance legal function participated pertained to the implementation of the SEPA system, the electronic archiving of insurance vehicles, the implementation of the ACP recommendation on the processing of claims, IOBSP reform, publicising of health insurance expenses, reform projects on PRIPs (Packaged Retail Investment Products – reform for improved quality of the information communicated to consumers considering the acquisition of investment products) and insurance intermediation, the "customer knowledge" ACP recommendation project.

(d) Compliance with customer protection rules

The application of customer protection rules and their insertion into the internal control system are presented in a specific appendix to the internal control report, pursuant to the provisions of R 336-1 of the French Insurance Code.

For fiscal year 2012 and in accordance with the terms of instruction no. 2012-I-07 of the ACP related to the questionnaire about the application of rules intended to ensure customer protection, the Group's subject companies will electronically transmit this appendix to the ACP no later than 30 September 2013.

As part of a system for continuous improvement of procedures implemented within the Group on the subject, the Group Internal Control and Risk Management Department proposed to the Steering Committee and the Group Executive Committee an action plan aiming to reinforce the compliance of the corresponding systems. It was approved by the aforementioned governance bodies on 14 and 22 May 2012 respectively. It is regularly monitored by the Group as part of "Group Compliance" Workshops and in connection with bilateral talks with each company.

(e) Application of tax regulations

Corporate income tax

TAX CONSOLIDATION SYSTEM

The Group Tax Department within the Groupama SA Finance Department is in charge of ensuring that the tax consolidation rules are applied (Article 223A *et seq.* of the General Tax Code) for the Group formed at the taxation level by Groupama SA, as parent company, the regional mutuals, and its 38 subsidiaries consolidated as at 31 December 2012, as well as the holdings of Groupama Holding and Groupama Holding 2.

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

INTERIM CLOSING AS AT 30 JUNE

Based on the half-year individual financial statements, the Group Tax Department reviews with the Accounting Departments of member entities of the tax consolidation group, the tax charge of these entities and of the consolidated group.

Documentation and electronic archiving procedures in terms of computerised accounting records

In communication with the companies and the tax group of GIE Groupama Supports & Services, the Group Tax Department helps to define and monitor the implementation of 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.

(f) Financial Ethics

An ethics audit to prevent insider trading has been implemented within the Steering Committee and some divisions and departments of Groupama SA that are exposed to this risk. This 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. Under the procedure adopted, the Groupama SA Managers concerned must sign a "Confidentiality Agreement" and report periodically on their financial activities.

(g) Fight against money laundering and terrorist financing

In terms of anti-money laundering measures, the Group Corporate Secretary (the Group Legal Department) coordinates corporate policy, working with the Group Internal Control and Risk Management Department compliance unit and the International Subsidiaries Department, and a network of officers responsible for anti-money laundering and terrorism financing activities in the insurance (in France and internationally), banking and asset management subsidiaries and the regional mutuals.

Hence, the Group Legal Department:

- coordinates the Group's network of Anti-Money Laundering Managers in the form of periodic meetings, regular communication and a newsletter;
- presents biannual performance indicators to Executive Management;
- develops an annual report for the Board of Directors of Groupama SA on the activities carried out within the Group;
- pilots various IT projects to equip the affected companies of the Group with systems to automate the vigilance required by law; a tool for detecting sensitive individuals in customer databases and a single database of suspicion reports are operational; a tool for profiling the customer relationship based on an approach by risks, permitting the detection of anomalies, has been placed in production for banking businesses and is being implemented for the life-savings businesses;
- steers the establishment of anti-money laundering and financing of terrorism training.

In addition, working meetings dedicated to operational monitoring are organised with representatives of the concerned departments of Groupama SA, Groupama Gan Vie, Groupama Banque, the regional mutuals and the distribution subsidiaries.

The Managers in charge of the entities' actions against money laundering and terrorist financing oversee the permanent control of implementation of the internal procedures in these areas and take the required corrective measures in the event of anomalies.

(h) Protection of medical data

Work on credit life insurance has led the partners (ministry, banks and insurers, patient and consumer associations, etc.) to append to their first so-called Bélorgey agreement a Code of Good Conduct detailing the measures that must be put into place concerning processes for collecting, processing, circulating, and archiving personal medical data. This bill was approved by the CNIL and appended to the law of 4 March 2002 relating to patient rights. It was renewed without amendment in the appendix to the two AERAS agreements that succeeded the Bélorgey bill in January 2007 and February 2010.

Group recommendations were disseminated from 2003 by the Business Department or entity concerned (circular C.17/2003), clarifying the procedures for implementing laws in effect on doctor-patient secrecy and, if necessary, requirements on sensitive data (Civil and Criminal Code, Public Health Code and Medical Ethics Code, law on computer and freedoms, law on patient rights and Code of Good Conduct).

It is the responsibility of the various group companies to implement these recommendations (regional mutuals and subsidiaries), in partnership with the medical advisers and in collaboration with the Group's compliance unit, the Group's Data Protection Correspondent ("ITF agent"), and the Claim and Cost Control Division of the Insurance, Banking, and Services Department. Support is offered to those companies that request it. Implementation follow-up is done through self-assessment questionnaires sent to the companies every two years.

The last survey confirmed the commitment of the companies and the high level of compliance on the part of the Group, and it made it possible to propose five new areas for improvement, specifically with regard to the recommendations cited in June 2010 by the CNIL in its report submitted to the FFSA following the surveys it carried out with banking and insurance companies: securing management offices and methods of communication, improving reliability among units of medical consultants who are responsible for maintaining confidentiality and procedures authorising personal health data, rules that must be observed when performing IT tasks.

Within the Individual insurance market, the Individual Health and Protection Department provides training in medical confidentiality to medical consultants and Managers working at the various group companies. Since 2009, an e-learning training kit for the Group's sales teams has been made available to the regional mutuals and group companies in France.

Simultaneously, a comprehensive survey of the claims management tools that may be part of the processing or may include medical information was conducted in 2009 by the Claim and Cost Control Division of the Insurance, Banking and Services Department. The procedures established involve, first, creating physical security for personal data via a "medical bubble", which is the most representative feature, and, second, restricting the sharing of sensitive information to that which is absolutely necessary for its processing.

(i) Delegation of authority

The current authority delegation procedure set up within Groupama SA in collaboration with the Group Compliance Department is as follows:

- it is based on the line of command;
- it relies on a network of authority delegation correspondents appointed in each of the main French subsidiaries and departments of Groupama SA;
- the authority delegation requests stem from the sectors concerned, according to their requirements, and are established according to a list compiled and controlled by the Legal Department. They fall into three separate categories: delegations of authorities as such, signature delegations and proxies. Only the delegation of authority entails the transfer of responsibilities, notably on the penal level.

Lastly, each group company has been required to ensure that a consistent authority delegation system had been set up, in keeping with its organisational model based on the procedures implemented by the Legal Department of Groupama SA.

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

(j) Application of the "IT and Freedom" Act

The Group Executive Committee (GEC) meeting of 22 November 2006 decided to appoint a Group Data Protection Agent (CIL) to represent the Group on the National Information Technology and Freedom Commission (CNIL). This Data protection agent (CIL) assumed its duties in March 2007. It works in favour of Groupama SA and 47 Group entities (regional mutuals and France and Overseas subsidiaries).

The responsibilities of the Data Protection Agent are:

- preparing a list of all the processing done by every entity in the Group and provided to the CNIL Commission, appointing a Data Protection Agent, thereby releasing those entities from the requirement to send reports to the CNIL;
- auditing the data processed for compliance with the IT and Freedom Act;
- conducting post-audits;
- preparing an annual report for the CNIL and Executive Management;
- disseminating the IT and Freedom culture: training actions and tools; guides, procedures and codes of good conduct;
- advising the Group entities on the application of the law;
- alerting Executive Management to any anomalies noted.

The Data Protection Agent (ITF agent) relies on a network of internal correspondents (CRIL): one correspondent per entity and six at Groupama SA within the sectors conducting sensitive processing operations (HR Department, Health Department, Group Insurance Department, Marketing and Distribution Department, Group Communication Department, Group Internal Control and Risk Management Department) responsible for relaying the agent's actions within their entity or department and with whom the agent communicates regularly. This network changes based on the Group's organisational modifications. The Data protection agent (CIL) gathers it together twice per year.

In 2012, the Data protection agent (CIL) drafted and sent the fifth annual mandatory report to the Groupama SA Executive Management. The Data protection agent (CIL) presented it to the General Secretary of Groupama SA and sent it to the Chief Executive Officers of the regional mutuals and subsidiaries. This evaluation is available to the CNIL Committee.

The primary initiatives launched in 2012 by the Data protection agent (CIL) were to:

- distribute a "Personal rights: right to information" guide to the network of CRILs and all employees with access to the Groupe Kiosque intranet;
- distribute a "Personal rights: right to access" guide to the network of CRILs;
- distribute a "Sensitive data: free comment areas, how to manage the compliance of free comments in CRM" guide to the network of CRILs and CRM administrators.
- This guide accompanies the start of production of a tool, requested by the Data protection agent (CIL) and developed by Groupama Supports et Services, permitting control of the comment areas in CRM likely to be non-compliant and requiring a verification or correction action (controls at a frequency defined by the entities);
- produce an e-learning tool on the protection of personal data intended for all employees of the Group and available through the Groupama University platform;
- lead training and/or awareness actions on personal data protection:
  - train new relay and alternate correspondents appointed in 2012,
  - organise biannual meetings for relay correspondents,
  - carry out awareness actions with around 102 people both at Groupama SA (particularly the Steering Committee, Claim and Cost Control Division of the Insurance, Banking and Services Department, Agricultural Department) and at the subsidiaries.

The Data protection agent (CIL) also performed compliance audits alone or in collaboration with the firm Ernst & Young:

- at Groupama Loire Bretagne on human resources management processes;
- at CapsAuto, CIGAC and SGPS on their entire scope;
- an audit was launched at the end of November 2012 and will be conducted on site in January 2013 at Amaline on the scope of the subscription and management of insurance policies.

These audits were conducted as part of action plans overseen by ITF agent, namely for the companies audited in 2010, including Mutuaide Assistance, Groupama Paris Val de Loire, Groupama Indian Ocean and the Groupama Human Resources Department, and in 2011, Groupama Centre Manche and Groupama Nord-Est.

A cross-functional audit at all entities was conducted in 2012, in consultation with the Group Communication Department and with the support of an expert firm in the field, on the use of cookies on the Group's websites. This audit resulted in recommendations for compliance.

The resulting actions are in the process of being implemented and should continue in 2013.

The Data protection agent (CIL) took strong actions through various professional bodies (UDA, AFEP, FFSA, AFCDP) in order to influence:

- regulatory changes pertaining to insurance businesses and under discussion at the CNIL;
- the draft European regulations on personal data protection.

Lastly in 2012, requests to the CNIL pertained to:

- a commitment of compliance for the Groupama Banque professional alert system;
- dealing with money laundering with the amending authorisation request submitted in December 2011 on behalf of the Group with regard to discrepancies in comparison to the CNIL's single authorisation having given rise to discussions with the CNIL and pending passage in the Commission.

3.4.4 MANAGING ASSETS AND LONG-TERM FINANCING

The Group Finance Department (DFG) is responsible for managing the assets and long-term financing of Groupama SA and its subsidiaries.

3.4.4.1 Managing financing and owned interests

The Investment Department ("DI"), which is part of the Group Finance Department, is responsible for the following:

- monitoring the debt level of Groupama SA and its subsidiaries, specifically by setting key indicators every quarter and presenting the situation to the Steering Committee;
- the ongoing financial monitoring of subsidiaries and strategic holdings that are specific to the Group. In particular, a detailed monthly report must be submitted to the Executive Management on any specific listed strategic securities;
- calculating the value of the entities recorded on the annual balance sheet of Groupama SA, by preparing an annual valuation report. The work of Groupama SA and its subsidiaries and strategic holdings is calculated every year in order to:
  - perform impairment tests under IFRS on any existing goodwill in collaboration with the Group Accounting Department,
  - update the liquidation rate of the intra-group securities in the investment reports of the shareholding entities and the regional mutuals, as these values are used for internal stock and bond reclassification transactions and also to meet regulatory requirements (valuation of the holdings in the regulatory reporting statistics),
  - meet the requirements of the Autorité des Marchés Financiers ("AMF") relating to the liquidity commitment of the Groupama SA share in the "Employee stock ownership savings plans" and "Agent shareholders".

The operating subsidiaries were valued based on the following:

- life insurance companies: by calculating the values of in force and new business of each entity in accordance with the standards and methods defined by the Group Actuarial Department, under its supervision,
- non-life insurance companies and other operating companies: by discounting the dividends expected from future periods as shown in the entities' Business Plans; this is the method used by the Investment Department.

The valuation work is audited by an independent consulting firm every five years.

Moreover, the Investment Department:

- checks the consistency of asset valuations for internal transactions, such as restructuring operations or reclassification of securities,
- takes part in the valuation of potential targets (work conducted by the Mergers and Acquisitions Department) within the scope of group acquisition projects or the sale of subsidiaries or equity interests.

3.4.4.2 Monitoring investments

(a) Methods used to measure, evaluate and control investments

For the management of long-term assets, the Group Finance Department has assigned:

- to Groupama Asset Management the financial management of listed securities (equities and fixed-income products);
- to Groupama Immobilier the management of investment property.

Within the Group Finance Department, the Investment Department is responsible for monitoring these duties (see 3.4.4.2 c). It is also responsible for monitoring the Company's cash position, investment management and the filing of reports to the Steering Committee.

Every year, the authorised Asset Managers send to the Group Finance Department a report on the management of the long-term assets belonging to Groupama SA, indicating in particular the procedures used to measure, evaluate and monitor investments.

The Investment Department monitors the capital gains or losses appearing in the securities portfolios and monitors any need to record reserves for contingent liquidity risks.

The Investment Department monitors the quality of Agent shareholders based on its own management, performance monitoring, and reports submitted by each Manager.

For Groupama Immobilier, a monthly Operating Committee meeting brings together its representatives and those of the Group Investment Department and validates the proposals. The lease management tasks of Groupama Immobilier are defined in a lease management order. The asset management tasks of Groupama Immobilier are defined in an asset management order. Finally, this Manager is certified ISO 9001-2000 by the AFAQ, for all real estate management activities.

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

The Group Finance Department also entrusts the management of unlisted investments to Groupama Private Equity (GPE). A quarterly Operational Committee meets for this purpose and includes representatives from the GPE and the Investment Department. The management limits are specified in the funds (or funds of funds) memoranda signed by the Group's Chief Financial Officer. The disposal of the management company Private Equity under way will have the consequence of a significant revision of the processes in 2013.

(b) Monitoring transactions on forward financial instruments (FFI)

Transactions on FFI can be initiated in connection with the policy approved by the Board of Directors and in compliance with the risk policy.

This refers to the following risks:

- interest-rate risk;
- credit or counterparty risk;
- equity market risk;
- foreign exchange risk.

These transactions are all covered under the FFI Decree of 4 July 2002. As the case may be, they may be delegated to the Asset Managers, in accordance with the terms of the management mandates. The Investment Department is in charge of strategy accounting documentation.

The derivatives strategies are presented to the Group Financial Risk Committee and the Group Risk Management Committee and approved by the Groupama SA Board of Directors and the boards of the subsidiaries.

(c) Assessing the performance and the margins of the financial intermediaries used

Every year, the managing agents assigned to manage the securities submit a report to the Group Investment Department assessing the performance and the margins of the financial intermediaries used.

3.4.4.3 Internal control of investment management

(a) Organisation of responsibilities amongst the players involved in the investment management process

The investment management process is based on a strict separation of tasks among the entities involved: the Investment Department, the Group Financial Controlling Department, the Asset Managers and custodians/depositaries:

- the Investment Department is in charge of asset/liability modelling and the appropriation of assets, managing relations with service providers, monitoring the recording of investment income/loss and the drafting of an asset report;
- the Asset Managers are responsible for building up portfolios and choosing securities up to the strict limits imposed by the mandates, executing transactions, submitting transfer orders and preparing detailed reports for the Group Investment Department;
- the custodian/depository is responsible for settlement/delivery, the custody of securities and transmitting transfer orders to the Group Financial Controlling Department;
- the Group Financial Controlling Department is responsible for inputting and validating accounting transactions, various reconciliations and releasing the financial statements.

(b) Managing powers to authorising officers

The list of persons authorised to pass orders on financial accounts is kept up-to-date by the Group's General Secretary, on proposal of the Group Accounting Department under the authority of the Group's Chief Financial Officer.

The same applies to the list of individuals authorised to issue put or call transactions, upon approval by the Investment Department and the Chief Financial Officer.

(c) Control of managing agents and managing investments

Control of managing agents

Management authority is formalised in connection with the mandates signed by the Group's Chief Financial Officer.

These agreements are proof of the financial management delegation given by the entities to the management companies. They are designed to meet the desired conditions of each entity, in accordance with the regulations in force.

They spell out the following:

- the management objectives, the transactions authorised and the limits;
- the management structure and the information in the mandate;
- the obligations and responsibilities of each of the parties;
- technical constraints:
  - liquidity ratios of the interest rate instruments and equities by defining holding limits based on the capital and/or the float, and constructing and managing "liquefaction" curves of the portfolios,
  - internal risk scatter ratios of the interest rate instruments and equities,
  - benchmark in terms of risks, duration, rates and currencies;
- the terms for compensating the agent and the depositary;
- management procedures: committees (role and meetings held), financial reports to the principal;
- other practical conditions (duration of mandate, termination terms, etc.).

The Investment Department monitors the management companies on an ongoing basis for compliance with the objectives in terms of:

- compliance of portfolios with the regulations applicable to the assets representing insurance commitments;

- compliance of the performance of the portfolios of the life insurance companies with the regulations on the rates guaranteed by life insurance policies including a cash surrender value, and decisions under the authority of the Group Chief Financial Officer, related to the booking of any provisions for financial contingencies.

In terms of internal control of asset management transactions:

- companies managing securities portfolios are subject to oversight by the AMF and have their own internal control systems that include, in particular, monitoring nominal amounts of transactions and all cash flows, confirming transactions with all counterparties, complying with the "Chinese wall" separating the front and back offices, and the interdepartmental nature of the organisation of the middle office and the back office, the security of computer systems and the protection of access codes and surveillance of atypical behaviour. They have also established their own control systems for monitoring the proper application of the mandates;
- the principal depositary of the entities in the Group, Groupama Banque, as well as the depositaries outside the Group, are subject to oversight by the French Autorité de Contrôle Prudentiel (ACP). In particular, Groupama Banque has its own internal control system and verifies the powers of authorising officers.

Financial management procedures

Under its temporary management, Groupama SA has introduced management tools, including the following in particular:

- calculating income statements and estimated balance sheet items based on technical and financial assumptions corresponding to a central scenario;
- monitoring capital gains and losses in the securities portfolios and monitoring the need to book provisions for contingent payment risks;
- setting monthly performance indicators on the status of the assets and tracking them for achievement or estimated achievement;
- regularly updating estimated cash flow.

The Investment Department is responsible for internal and regulatory reporting procedures:

- setting monthly performance indicators on the status of the assets and monitoring them for achievement or estimated achievement;
- reports on financial policy to the Boards of Directors of Groupama SA and every agent Company;
- contributing to the annual solvency reports of Groupama SA and every agent Company.

Transactions by the Investment Department in connection with the performance of its responsibilities are secured by internal checks, hierarchical checks and partially built-in checks, particularly through secure access to the securities transactions accounting system, to the property assets accounting system and the like, and to the Groupama SA general accounting system. The Financial Reporting and Forecasting Department is in charge of verifying the data for consistency among these different systems.

Permanent oversight of investment management

This oversight is done through committees in charge of monitoring, decision-making and validation:

ASSET ALLOCATION COMMITTEES

Decisions to allocate assets and record investment income/losses (capital gains programmes, etc.) are made at the quarterly meetings of the Asset Allocation Committees.

For each French subsidiary and for Groupama SA, they meet quarterly. The meetings are attended by the Group Chief Financial Officer, the Investment Director, the Investment Manager, the Asset/Liability Manager, the Chief Executive Officer of the subsidiary and the concerned Managers of the subsidiary. Their primary objectives are to make Asset Allocation decisions and to record the financial results (including capital gains programme).

A similar procedure exists with the main foreign subsidiaries in connection with International Subsidiaries Department (see 3.4.1.3 b).

SECURITIES INVESTMENT COMMITTEES

The asset management and allocation staff meets with these committees every month. They implement decisions taken by the Asset Allocation Committee.

Three committees hold monthly meetings for the purpose of reviewing:

- the macroeconomic environment and trends in the financial markets: Macro-Market Committee;
- oversight of management operations and review of dedicated mutual fund performance: Management Committee;
- ratios, limits, and potentially exceeded management mandates assigned to Groupama Asset Management: Operations Committee.

In this context, the agent companies are monitored after the fact on a permanent basis to ensure compliance in terms of the following:

- compliance of portfolios with the regulations applicable to the assets representing insurance commitments;
- compliance of the portfolios' performance with the financial management targets.

PROPERTY INVESTMENT COMMITTEES

The Property Investment Committees hold quarterly meetings. They are chaired by the Group's Chief Financial Officer.

In these meetings, the members examine reports on the economic situation, management and performance reports, updates on the estimated budget and projects under way (disposals, investments or work in progress). The committee is entitled to make decisions for any sale involving less than €2.4 million. Beyond this, it prepares a proposal for validation by the Chief Executive Officer or by the Board of the Company in question as a function of the thresholds defined by the Boards. Likewise, the committee issues a preliminary approval of investment proposals that are the ultimate responsibility of the Boards of the companies.

3.4.4.4 Managing the Financial Crisis

As described in the previous paragraphs, the Investment Department has established rules and processes to guarantee the quality of the management and investments. The main principle is to use assets controlled within the Group, which specifically implies excluding assets currently classified as "toxic" (CDO, CLO).

Moreover, rules have been developed with Asset Managers:

- delegation of management: financial management delegated to the Groupama Asset Management subsidiary is tightly structured. As an example, exposures (dispersion, ratings, hierarchy, etc.) are limited and controlled;
- choice of instruments under mandatory management: the constant use of cross-processes by the Research and Credit Management Departments means that securities are rejected if there is the slightest suspicion as to the quality of the issuer;
- derivative products: limited to simple instruments capable of being valued internally, the use of derivative products is only authorised with counterparties who have signed framework agreements providing backing in the form of government bonds (weekly margin calls).

In addition to the monitoring of these investment rules, management activities have been specifically adopted to address the financial crisis:

- in equity mutual funds: the Group has adopted an cautious position (with regard to the choice of industries, cash position, use of hedging derivatives since summer of 2011) to reduce sensitivity to the equity market;
- the establishment at the Group level of a cash hoard by taking advantage of windows of liquidity in the bond market, demonstrating the Group's ability to meet its commitments;
- the reduction of contractual exposure to derivative products with counterparties considered risky.

The Group experienced growth in two stages in 2012:

First of all, the financial markets were negatively affected by the signs of downturn from China and fears about the eurozone fuelled by the austerity measures taken in most eurozone countries and the recession in Spain in a context of very high unemployment and strong concerns about the health of the Spanish banking system reinforced by difficulties in establishing a European solidarity mechanism.

Starting in July, the measures implemented by the ECB, particularly with the establishment of the bond purchase programme, and the ratification of the European solidarity mechanism reduced the risk of a break-up of the eurozone and allowed the equity markets to rebound with, in the end, annual growth of around 15% for the French equity market.

On the fixed-income markets, the very weak growth prospects for the eurozone economies and the abundance of liquid assets favoured an environment of low rates, and the establishment of austerity plans and the ECB's action permitted the reduction of the gap between French and Italian debt rates and German debt. Despite the loss of the AAA S&P rating, the yield on 10-year French debt was 2% at the end of the year with negative interest rates on maturities of less than two years.

In this environment of fluctuations in risk aversion, the policy of reducing the riskiest assets begun in the second half of 2011 was reinforced with:

- the significant reduction in equity risk exposure through disposals and the renewal of hedges. The environment more conducive to equities in the second half of the year was built upon in order to dispose of strategic securities;
- reduction of real estate assets through disposals;
- full disposal of Greek debt;
- additional disposals of Spanish property bonds;
- reduction of the riskiest debts, particularly subordinated financial debts;
- an increase in exposure on French sovereign debt;
- investments in parastatal or supranational debts of the eurozone.

In addition to this, a decision was made in fourth quarter 2011 to revise the authorisation thresholds on financial and property transactions and to establish thresholds for asset investments beyond which investments must be granted prior authorisation from the Groupama SA Board of Directors, and to present a biannual financial investment management report for the prior period first to the Audit and Risk Management Committee, then to the Board, including financial investment policy strategies for the upcoming half-year period.

Moreover, the investment limits at the Group level were reviewed by the Group Internal Control and Risk Management Department (DRCIG) with a view to expansion and reinforcement. The new rules, approved by the boards of Groupama SA and Groupama Holding in December 2012, will be deployed in the management and mandates in 2013.

3.4.5 RISK MANAGEMENT

3.4.5.1 Risk Policy

The Group risk policy is the basis for risk management at both the Group level and the entity level. It defines the consistent approach to managing the Group's risk on its entire scope and its business lines by risk family (insurance, market, operational).

In light of the changes in the market's environment, the scope and strategy of the Group and the Group risk policy, validated at the end of 2010 is, at the end of 2012, undergoing revision. The financial management policy was updated particularly with the development of limits on financial assets (see point 3.4.2.2 Group Financial, Insurance and Operational Risk Committees and point 3.4.5.2 Risk Tolerance).

Based on the "pilot" entity's risk policy developed in early 2011 in line with the Group risk policy validated at the end of 2010, the Group's entities formalised their risk policy. Thus, at the end of 2012, almost all of the Group's entities had their risk policy approved by their respective Board of Directors.

The additional work aiming to formalise the corpus of documents, justification for the practical application of the risk policy at the Group level, is in the process of appropriation and adaptation within the Group's entities.

3.4.5.2 Risk tolerance

The Group's conceptual Risk Tolerance framework was approved by the Board of Directors on 23 November 2010. This framework features three risk indicators: the IFRS combined financial results, the IFRS combined shareholders' equity and the combined statutory solvency.

In 2012, the work focused on:

- as a priority, considering the Group's particular situation, financial assets with the definition and validation of a framework of limits for all of the Group's financial assets.

  More specifically, the framework of limits of financial assets distinguishes primary and secondary investment categories:

  - primary categories present a systemic risk and pertain to the major asset classes (equities, property, private bonds, government bonds and cash),
  - secondary categories have the objective of limiting concentrations (countries, currencies, sectors, issuers, securities, etc.) and controlling liquidity. They focus on characteristics attached to the security or the issuer and are subdivisions within major asset classes. They are expressed either in the form of a maximum for the risk assets of the asset class or in the form of a minimum (liquidity or less risky assets in relative terms).

  The framework of limits is defined with an objective of establishment in 2013;
- on the definition of a risk-adjusted profitability indicator with the objective of determining limits on liabilities by business line.

  The current development of a Regulatory Capital-Adjusted Profitability (RACR) approach in addition to the current monitoring of the Group's activities will improve the consideration of risk in the operational and strategic management of the Group.

  The approach carried out in 2012 first focused on the non-life activities of the regional mutuals and the non-life activity of Groupama SA as reinsurer of the regional mutuals.

  It aims to:

  - map in €M the capital consumption in the Group by SOP (strategic and operational planning) business lines based on the non-life internal model,
  - have comparative indicators in terms of compensation as a percentage of fixed capital by business line on both historical and forecast data.

The approach is managed by the Group Internal Control and Risk Management Department (DRCIG) in close collaboration with the Group Actuarial Department, the Group Financial Controlling Department and the Business Departments of Groupama SA.

3.4.5.3 Quality of data

To satisfy the Solvency II requirements aimed at guaranteeing and demonstrating that all data used to populate the three pillars of Solvency II are of high quality, the Group launched a plan in 2011 to improve data quality in an effort to strengthen and formalise its current programme. This programme is jointly managed by the partial internal model project team from the Group's Actuarial Department, the Group Internal Control and Risk Management Department, Groupama Supports & Services, the International Subsidiaries Department and the Group Financial Controlling Department (Analysis and Management Control Sectors), which coordinates it.

Among the three levels of priorities identified, the first priority level addressed the scope of the independent review of the non-life partial internal model (see 3.4.5.6 below), *i.e.*, the non-life liability data (premiums, provisions, disaster) on the scope of business contributed by the regional mutuals and Gan Assurances, as well as data from the Risk Geolocation Data Production and Development worksite.

The Group's data quality plan is based on a data quality policy that translates into:

- data quality principles;
- data quality governance and organisation;
- development of a dictionary of data used by the non-life internal model, intended to be extended after 2012 to life insurance business data and asset data;
- instituting data quality solutions embodied in a set of tools and methods to evaluate quality as defined by Solvency II, and regularly measure and track improvements within the Group.

Data quality principles applicable to all Group companies, all risk families and all types of data, both internal and external, were therefore formalised and disseminated to all French entities in the fourth quarter of 2011. These key principles strive to define criteria to understand data quality in terms of completeness, relevance, accuracy, and traceability by auditors.

The data quality governance and organisation approved by the Group's executive bodies in July 2011 rely on:

- a Group Data Quality Committee that reports directly to the Group Risk Committee. This committee met for the first time in November 2011. Three CGQG meetings were held in 2012. The concept of Group control and an initial version of the report to this committee were defined and validated;
- a data quality group coordination team, made up of representatives of the Group Actuarial, Investment, and Internal Control and Risk Management Departments, Groupama Supports, International Subsidiaries Department and Group Financial Controlling (DPRG) Department;
- regular holding of working groups of the Data Managers of the various entities and functional areas. Three meetings were organised in 2012 by the DPRG;
- and a network of data quality providers operating within companies of the Group or departments of Groupama SA and working on the Solvency II project on the partial internal model, the standard form and the Pillar 2 and 3 data:
  - the data Manager, who serves as "quality" Manager for the Company, is tasked with ensuring that the controls have been deployed in the Company and relies on them to be assured of the "data owners"; data Managers for the partial non-life internal model were appointed in June 2011,
  - and the data owners who guarantee the data produced and must implement detailed quality measures, report on the results of their analyses to the data Manager who then centralises them and proposes any necessary solutions for improvement.

Solvency II data quality governance principles implemented in the regional mutuals were approved by the Group's executive bodies in December 2011, and were deployed in one "pilot" regional mutual in the first half of 2012. Extension to the other regional mutuals was carried out during the second half of 2012.

At the end of 2012, the operational implementation of the data quality approach on the priority scope of the non-life internal model was complete: data dictionary, data collection process documentation, analysis of existing controls, profiling of data files populating the partial internal model, diagnostic of the existing situation and development of action plans. The main areas for improvement in 2012 pertained to the automation of data collection, archiving under the CFCI standard (Computerised Accounting Tax Audit), deployment of Group controls (uniformity of the requirement) and adjustment of the first tolerance thresholds. They will be reinforced in 2013.

The approach will be developed after 2012 on the asset data and the life insurance business.

Expansion to the international entities was initiated in 2012 and will continue in 2013. The deployment project is monitored by the teams of the International Subsidiaries Department jointly with the Group Financial Controlling Department. The approach will be particularly strengthened on the Italian subsidiary, which will soon incorporate the scope of application of the partial internal model.

3.4.5.4 Global monitoring system

The Group's risk monitoring system, which is based on the shared mapping of risks for all Group entities integrating the risk classification of Solvency II, is based on a network of risk owners; the entire system is managed and coordinated by the Group Internal Control & Risk Management Department.

The identification and monitoring of major risks is conducted at entity level and at Group level. At Group level, a major risk is defined as one whose occurrence would have an unfavourable impact of more than €100 million on the Group's net position or that would have a significant impact on the Group's reputation or image. The risk owners establish risk control plans, which are implemented within the Group's entities.

In 2012, the action of the Group risk owners (Business and Functional Departments of Groupama SA, Groupama Gan Vie, G2S) continued with a particular focus on financial risks considering their impact on the Group's solvency.

Committees specialised by risk family (Insurance, Financial and Operational) are responsible for steering the Group's risk oversight programme, which, at the Executive Management level, is handled by the Group Risk Committee (see 3.4.2.2).

Moreover, in addition to specific oversight of major group risks, risk tracking programmes are developed in detail by area below (see 3.4.5.4 *et seq.* below).

Non-life insurance risks, for example, rely on the joint involvement in the Business Departments of Group companies, Business Departments, the Group Actuarial Department and the Reinsurance Department to provide a framework for the subscription process, incorporate prevention into the subscription process, disseminate best practices, study insurance rates, profitability and supply, analyse engagements, manage overall exposure and calibrate protections.

3.4.5.5 Risk Management related to the Insurance Business Departments

The objective of the "Insurance, Banking and Services Department", reorganised on 1 December 2012, is better consideration of the market view through the grouping of property and individual insurance businesses within a single division (excluding agricultural) and the creation of Market/Business Line Departments (Individuals, Professionals, and Companies and Local Authorities). The specific formation of an Agricultural Department aims to reinforce Groupama's positioning on the Agricultural world. The cross-functional departments (Marketing and Distribution Department, Project Management Department, Quality, Methods and Budgets Department, and Steering, Operational Strategy Planning and Coordination Department) support the development of the Business Lines.

The Groupama SA Insurance, Banking and Services Department assumes, on behalf of the French entities:

- a role of orientation in the definition of the risk management policy of the business line in question, through limits and exclusions;
- a role of issuing alerts in their areas of expertise;
- coordination of the design of products and pricing structures;
- evaluation of the relevance of the guarantees and pricing (balance between the competitiveness of the offering and the level of results) and proposal of necessary adaptations;
- subscription and portfolio monitoring policies;
- definition of prevention rules;
- ongoing monitoring of any legislative or regulatory trends, in consultation with the Group Legal Department within the Corporate Secretaries;
- support for the training of stakeholders of the entities on the risk (salespeople, underwriters, contract Managers, experts, claim Managers);
- steering of portfolio profiles, results and forecasts (and comparison with market trends).

The Insurance Business Departments also have, based on their specific characteristics, a particular role in terms of risk control, through a joint underwriting activity (double risk analysis in order to secure the decisions on the biggest commitments made by the various entities) or the provision of tools permitting the application of underwriting rules (for example, scoring tools).

For the international subsidiaries, the International Subsidiaries Department plays an equivalent role in terms of supervision of the underwriting policy. It asks as a relay and ensures compliance with the Group's instructions among the international subsidiaries regarding the underwriting and risk management policy. Each subsidiary defines its risk and underwriting policy according to the characteristics specific to its market and based on the strategic development plan approved by the International Subsidiaries Department, taking into account the overall risk limits and the general underwriting policy of the Group. Based on the regulations in force, these policies may be submitted to the local supervisory authorities for information or even approval.

All requests for exemption coming from the international subsidiaries from the delegations initially granted under the risk and underwriting policies are previously examined and approved by the International Subsidiaries Department in collaboration with the affected Business Departments of the Group.

(a) New product design

A standard process for any creation of a new product or any change to an existing product that alters its economic balance was formalised in 2012, taking into account the changes in the Group's organisation. This process is applied across several scopes:

- property and casualty products of the regional mutuals;
- property and casualty products of the French subsidiaries (Gan Assurances and Amaline);
- products of Groupama Gan Vie;
- products of the international subsidiaries.

It provides for several steps, each approved in a determined committee (Operational Committees, Steering Committee, Group Executive Committee):

- the project framework incorporating the preliminary studies (opportunity study, customer segmentation, main product characteristics, etc.) and the product's economic model;
- detailed design including the deployment schedule;
- production of deliverables intended for customers and salespeople with formal approval of the Group Legal Department and the Compliance and Risk Management Department;
- IT developments;
- the commercial launch file.

Any new products must also undergo an assessment at the end of the launch period, and its results must be monitored over the years.

The Group Insurance Risk Committee ensures the proper monitoring of the process.

(b) Underwriting management

Underwriting risk is defined as the risk that the premiums will not cover the year's claims and provisions. In addition, it must take into account future claims beyond the annual horizon used to measure the solvency requirement.

As a multi-line insurance group, Groupama seeks to be involved on all insurance business lines and associated services. Management of the underwriting risk is based on three pillars:

- clear definition of the risks to be underwritten and the excluded risks by Business Line/Market;
- systems established at the Group and entity level for application of the underwriting and pricing policies;
- a prevention policy.

Underwriting policy by Business Line/Market

In Non-Life Insurance, the underwriting policy is adapted to each market and to the business lines that pertain to it.

ON THE INDIVIDUALS MARKET

The offered policies are mainly motor insurance, "multi-risk home", and third-party liability.

These risks are high-frequency mass risks little affected by issues of individual costs of claims and therefore underwriting limits. For those potentially affected, the underwriting policy defines the risk selection rules. Conversely, they have claim frequency problems, particularly because of natural events.

ON THE AGRICULTURAL MARKET

The offered policies cover:

- climate risk on crops: the main crop productions are insurable for multi-risk climate or hail;
- risk of mortality and damage to livestock resulting from an accident or illness (excluding those known to be contagious);
- TMA (Tractors and Agricultural Equipment) risk, which is open to all farmers or farm work companies and to foresters, landscapers;
- PD/TPL risk, *i.e.* property damage insurance, liability (professional third-party liability, delivered product third-party liability, etc.), and financial protection of the activity of agriculture professionals.

ON THE PROFESSIONALS MARKET

The offered policies insure several types of risks:

- in Construction, "Structural Damage" and "Comprehensive worksite" risks as well as liability risks (traditional for a professional activity and mandatory for ten-year third-party liability) of construction professionals;
- risks related to any professional activity through Multi-risk for tradesmen (artisans, shopkeepers and service providers);
- for motor professionals (garage insurance), risks related to any professional activity, excluding private risks;
- for Non-Occupant Owners (PNO), risks related to property rented out by a non-occupant owner and risks related to buildings subject to the joint ownership scheme.

ON THE BUSINESSES AND LOCAL AUTHORITIES MARKET

The offered policies cover Businesses and Local Authorities for:

- Property Damage;
- Third-Party Liability, usually taken out in addition to Property Damage;
- Vehicle Fleets.

In addition to insurance guarantees, services can also be offered (prevention services in particular).

For Business risks, Groupama's historical target is the French agri-food sector.

For Local Authorities, Groupama's historical positioning has always been related to the rural world, and, as a result, our portfolio is still made up of mainly small communes. In addition, Groupama also has a large presence in the association world.

In Life Insurance, the Group offers individual savings and pension policies, individual death protection policies, group retirement policies and death protection policies underwritten as a group.

In Individual Non-Life Insurance, the Group offers individual "supplemental health" policies, individual protection policies covering risks of incapacity, disability, long-term care and everyday accident (GAV policies), Group "supplemental health" policies taken out by companies for their employees, Group protection policies taken out by companies for their employees and covering them in case of work stoppage (risks of incapacity and disability) and protection policies for officials of local authorities (APC).

Health insurance comes in addition to a basic plan. Since the implementation of supplemental Group policies in 2002, there are no longer selection rules during subscription. Thus, the Group's policies no longer have a medical questionnaire, just like the practice followed by nearly the entire market. In addition, the policies' covers are lifelong covers the Evin law, which means the absence of risk monitoring actions in the portfolio.

Systems for application of underwriting and pricing policies

At their level, the subsidiaries and regional mutuals specify their underwriting policy in coordination and as part of the principles defined by the Business Departments and the International Subsidiaries Department (depending on the case). They implement the systems necessary for respecting this policy in the selection and pricing of risks.

With regard to the regional mutuals, the General Reinsurance Regulations supplemented by product guides drafted by the Business Departments define the risks covered and prohibited, the limits and guarantees and the terms for acceptance and subscription and management of claims.

As part of this, the Group's entities are responsible for underwriting, production and management of claims. All risks are managed through regularly controlled operational processes, their formalisation and any incidents are to be identified in the EU risk management tool ORop being deployed in order to make the necessary improvements (see 3.4.5.13 Monitoring operating risks).

Certain risks must be the subject of an acceptance by Groupama SA.

The identification of risks of claim overlaps is also provided for through procedures applicable to property damage underwriting: risk inspections, verifications of overlapping geographical risks, etc.

In group insurance, the practical arrangements of underwriting are in terms of underwriting tools and/or data necessary to rate the risk based on criteria such as the size of the organisation canvassed.

Beyond a threshold, joint underwriting is applied. As a result, indexing decisions are then taken jointly between the entity and the Business Department or Groupama Gan Vie.

For Protection risks, individual and group, medical formalities are carried out during subscription or affiliation, particularly based on the requested level of cover, the age of the policy holder or the size of the insured group. They then make it possible to select the risks upon entry into the insurance and facilitate the medical check during the payment of benefits. They therefore contribute to maintaining the balance of policies.

In Life Insurance, the risk of insufficient advice is limited through a system for certification of the networks that matches the range of offers and the skills of the salesperson who may offer them, training courses and Sales Assistance Tools permitting the discovery of customer needs, investor profile, and controlling the adaptation of certain policies to certain types of customers (for example, maximum age for certain offerings).

Prevention policy

Fifty years ago, Groupama was a pioneer in the field of risk prevention.

Regarding road safety, the network of Centaure Centres all over France has 12 centres providing driving training.

The Group is particularly active on agriculture risks, a historical target on which it is a leader. In this regard, the following are produced by the Agricultural Department:

- guides and manuals for prevention of various risks (based on technical studies);
- establishment and coordination of bodies of consultation and exchange with those responsible for prevention within the entities.

The Group is also active in the field of risk prevention of businesses (audit of risks before subscription and imposition/recommendation of prevention measures) and local authorities (prevention of work accidents, weather risks).

For certain risks, the Group is a leader on the market: Groupama Predict, for example, allows communes insured by Groupama to have all the means for prevention and information necessary to cope with risks of flooding, storms, marine submersion or heavy snowfall.

Regarding health insurance, many benefits are offered to policy holders, some of which are not reimbursed by the basic plan. A website dedicated to food and health has been established. The regional mutuals regularly organise events coordinated by experts on health topics.

3.4.5.6 The Group Actuarial Department's Risk Management responsibilities

The risk management programme handled by each Insurance Business Department (see 3.4.5.5 above) is also supplemented by the programme being steered by the Group Actuarial Department in connection with the launch of a partial internal model.

Groupama's objective is essentially to use a partial internal model once Solvency II takes effect to allow the Group and Groupama SA to ensure compliance with their regulatory obligation governing capital requirements.

As part of this, on 31 March 2012, the Group filed a pre-candidacy package for approval, intended for the ACP and including all of the documentation related to the model (methodology, calibrations, data quality, IT systems, governance of the model) as well as the conclusions of the independent review of the model jointly entrusted to the firms Mazars and PricewaterhouseCoopers. The summary of this review report, the description of the modelling principles and the equity requirement at the end of 2010 calculated by the model were presented to the executive bodies (Steering Committee, Group Executive Committee), the Group Insurance Risk Committee, the Audit and Risk Management Committee and the Board of Directors. From May to October 2012, the ACP carried out an on-site inspection and submitted four draft reports in December related to premium risk, provision risk, the data quality governance system and the data quality itself. At the same time, the equity requirement calculations at the end of 2011 were carried out, documented and presented by the Group Actuarial Department to the executive bodies and the Group Insurance Risk Committee. The ACP's inspection of the internal model will continue in 2013 based on the equity requirement calculations at the end of 2012 and corrective actions made by Groupama SA consistent with the ACP's observations.

This partial internal model addresses the non-life underwriting risks (premium risk, reserve risk and disaster risk) and contracts provided by the regional mutuals and Gan Assurances (the Gan Eurocourtage and Groupama Insurance entities, initially consolidated into the scope, having been sold in 2012). Based on historic claim and premium data and data on exposures, modelling consists in calibrating the claim rate levels and contingencies on these claim rate levels for all non-life offices making it possible to determine the corresponding equity requirements.

For Groupama SA, this model reflects the underwriting risks of a reinsurer better than the standard model. For the Group, this model will illustrate the effects of diversification between companies better than the standard form would. For the other risks and for solo companies, the capital requirement will be calculated based on the standard form.

In addition to the advantages provided by the partial internal model for assessing the regulatory capital requirements, work currently under way also offers more precise measurements of the Non-Life and Health underwriting risks not assimilated into the life techniques, as well as better control over our commitments and thus our rates. In 2012, they helped to fuel the work on risk tolerance (non-life insurance risk limits), allocation of economic capital by business line, contribution to studies to overhaul the general Internal Reinsurance regulations, as well as various external outward reinsurance studies.

The work related to the partial internal model is treated and validated at a regular frequency (monthly meetings) within the Internal Model Group Committee (CGMI), chaired by the Audit, Risks and Internal Control Director. The CGMI reports to the Group Insurance Risk Committee (see point 3.4.2.2).

3.4.5.7 Claims management

In addition to the areas of involvement of risk control presented in point 3.4.5.5 (product design and underwriting policy), the Groupama SA Insurance, Banking and Services Department assumes, on behalf of the French entities, the definition of the claim settlement policy and a particular role in terms of risk control, through a claim co-management business.

(a) Claims management policy

The Group claims management policy revolves around two areas: quality management geared towards seeking solutions for the customer and establishment of levers to control the claims expense.

It is adapted around several guidelines, in particular:

- set, monitor and ensure the consistency of the claim objectives of the Group's entities;
- have global monitoring tools making it possible to identify changes in the various claim resource costs and establish corrective actions;
- have community claim management applications improving productivity and decreasing tasks with low added value;
- rely on a network of reliable service providers common to the entities;
- monitor the management of major claims and ensure control of reserves (joint management).

The operational adaptation of the Claims policy is orchestrated by each entity as part of the coordination and steering of the Claims Management Division of the Insurance Department, the Professionals Market Department for Construction, and the Agricultural Market Department for Large Crops.

The business involves the property and casualty branch and the corresponding tangible and physical claims. The covered scope includes France (regional mutuals, Gan Assurance, Amaline, etc.) and the international subsidiaries for certain risks.

(b) Principle of joint claims management in France

Joint management (also called co-management) with the Groupama regional mutuals, included in the General Reinsurance Regulations, was extended in October 2001 to Gan Assurances claim files and pertains to claims exceeding a pre-defined threshold.

Joint management aims to secure the Group's claims expense. It makes it possible to identify the most costly or complex claims, monitor their developments, supplement the analyses of liability and estimation of damages of the entities and satisfy the control imperatives of external reinsurers and Groupama SA in its role as internal reinsurer.

3.4.5.8 Technical reserves

As from 2006, the Group Actuarial Department (DAG) defined the framework for an annual actuarial report aimed at presenting for each of the Group's non-life insurance companies the terms for calculating claims reserves and analysing the results with specific reference to an assessment of the mathematical life expectancy for claims expenses and the corresponding reserves for risks and uncertainties. Therefore, the DAG receives and validates actuarial reports from the companies each year. Some of these reports (Groupama SA, Gan Assurances and Groupama Assicurazioni, companies included in the scope of the internal model and Groupama Protection Juridique) are the subject of external certification (in 2012, by the firm Milliman).

Because Solvency II introduced new funding requirements for technical reserves, the actuarial report was adapted in 2011 and 2012 so that it could be used to compile the future prudential report, while maintaining its current purpose of providing support for accounting provisions. To prepare this new actuarial report, which has been implemented since the close of fiscal year 2011, the companies submit items to help evaluate the Best Estimate of reserves for claims and premiums according to Solvency II requirements.

In life and health insurance, the reserve methods are defined by the Business Line/Market Departments, which ensure their implementation within the Group, some parts being certified by independent actuaries.

In life insurance, the monitoring system for guaranteed-rate policies is part of the general monitoring system for interest-rate risks, which covers the risk of interest-rate increases or drops, as well as the risk linked to the existence of guaranteed rates in the policy portfolio. The risk is managed by the Group Finance Department for entities in France and internationally and for the Group as a whole.

At the level of the life insurance entities and the Group Finance Department, asset/liability studies are conducted for the purpose of:

- assessing their capacity to deliver competitive rates, appraising the risk of redemptions in the event of interest-rate rises and complying with the interest-rate guarantees in the event of interest rate drops;
- calibrating asset strategies which cover the risks identified: purchase of caps, calibration of the portion of variable-rate bonds, calibration of reinvestment swaps, modification of the duration of bond portfolios, restructuring of asset portfolios aimed at optimising the financial management of liabilities according to their intrinsic characteristics;
- carrying out actions on liabilities: renegotiation of minimum guaranteed rates for Group policies, etc.

These operations are presented and validated by the management of the companies concerned within Asset/Liability Committees and Asset Allocation Committees at quarterly meetings.

They are supplemented with risk measurement: Solvency II, PBDA (prospective gap between the return on assets and the guaranteed minimums).

Moreover, in addition to each entity's specific control measures, a half-yearly check on guaranteed-rate holdings has been set up for French entities. The work performed refined the mapping of actuarial reserves with interest rate guarantees and the levels of associated interest rate guarantees. In 2010, the control mechanism was strengthened and adapted to meet the new regulations.

3.4.5.9 Reinsurance Management

(a) Internal Reinsurance Management

Monitoring the Internal Reinsurance of the regional mutuals

Groupama SA is the reinsurer of Groupama's regional mutuals. The framework and the operating terms of Internal Reinsurance are defined in the reinsurance agreement. Correct application of Internal Reinsurance is monitored by:

- the Reinsurance Department for policy accounting issues and investments in options;
- the Insurance Business Departments for joint underwriting procedures and claims advice management. These procedures are set forth formally in section II of the reinsurance agreement entitled "General Reinsurance Regulations", the terms of which, particularly the reinsurance thresholds, are re-examined every year.

Concerning the joint underwriting activities and joint claims management, the risk management and internal control procedures are presented in sections 3.4.5.5 and 3.4.5.7 respectively.

The principal control procedures put into place by the Reinsurance Department are presented below.

INTEGRATED CONTROL

Outward reinsurance operations by the regional mutuals are calculated by a special computer application (IRIS), the database is either input or transmitted by file by the regional mutuals. Its operation is described in a detailed document. The setting of the annual reinsurance parameters (presented in the Groupama document updated annually, "Reinsurance Terms"), accessible in the application, is checked by the appropriate Managers from the regional mutuals.

Reinsured excess claims are first validated by the regional mutuals and by the Claims and Cost Control Division of the Insurance, Banking and Services Department of Groupama SA (see 3.4.5.7) based on a "Notice of Claims" application interfaced with the Internal Reinsurance application.

Non-life annuities are managed by a dedicated application interfaced with the Internal Reinsurance (IRIS) application.

Recording and policy accounting for the regional mutuals' speciality business are handled using a dedicated application (SAFARI) in which data is entered by the Internal Reinsurance Department, and verified and approved by the regional mutuals; application instructions are provided in a detailed guide, and the tool interfaces with the regional mutuals' application for calculating outward reinsurance operations (IRIS).

CONTROL TESTS

The Inward Reinsurance Department – (Estimates by the Internal Reinsurance Department) controls the accuracy of the calculation rules written by the Reinsurance Accounting Department of the Internal Reinsurance Department in the specialised computer application.

The reinsurance sector of every Regional Mutual also monitors the accuracy of the parameters for calculating reinsurance input by the Reinsurance Accounting Department of the Internal Reinsurance Department of Groupama SA in the specialised computer application.

The results of Internal Reinsurance transactions by every Regional Mutual are monitored:

- by the Regional Mutual concerned before the statements are signed approving the contributions and claims;
- by the Analysis and Management Control Department of the regional mutuals within the Group Financial Controlling Department by comparison with the forecasts with the regional mutual and with the Groupama SA budget;
- by the Corporate Accounting sector of the Group Financial Controlling Department in connection with the registration of transactions on the books of Groupama SA.

In addition to the procedures, the policy accounts prepared by the Internal Reinsurance Department are presented to the statutory auditors, who conduct tests on the parameters set by the IRIS application and on calculation models of their choosing.

Monitoring the Internal Reinsurance of subsidiaries

Concerning the inward reinsurance of Groupama SA on the treaties of the subsidiaries, as for all of the Group's inward reinsurance, the External Outward Reinsurance Department ("DCER", See 3.4.5.9. b) records the accounts of the outward reinsurance companies as they are received.

Moreover, for the subsidiaries whose outward reinsurance accounting records are managed by the DCER, the checks made by the DCER (along with the estimate system) help to achieve perfect consistency between the outward business of the subsidiary and the inward business portion of Groupama SA.

The subsidiaries that manage their own assigned insurance ceded accounting records send to the DCER the data needed to make estimates in the nearer term. This task also dovetails with the work of preparing reconciliation statements for the consolidation.

(b) Managing the outward reinsurance operations

Principles and organisation governing the Group's external reinsurance

These principles are approved and updated every year by the Groupama SA Executive Management on the recommendation of the Reinsurance Department which since 1 December 2011, reports directly to the Deputy Chief Executive Officer. Holding levels and hedge ceilings of Groupama SA and those of the Group are calculated with the assistance of reinsurance brokers based on the exposure of the portfolios in technical terms (insurance commitments) and in financial terms (amount of shareholders' equity).

The operational implementation of the general outward reinsurance policy and the guidelines adopted for every renewal follow the terms and conditions set forth in the charter "Defining the responsibilities of the External Outward Reinsurance Division". The job of determining the Groupama SA annual reinsurance scheme and for all the Groupama SA insurance subsidiaries is managed by the External Outward Reinsurance Department ("DCER") within the Reinsurance Department. This is done in coordination with the appropriate Managers of Groupama SA or of each subsidiary, based on the data related to the current insurance portfolios. Thus every year, the DCER holds at least two meetings to determine the main features of the reinsurance scheme for the following year. For the reinsurance scheme covering the portfolio of the regional mutuals, the meetings are held with the Groupama Vice President for Reinsurance and the person in charge of Internal Reinsurance.

Supervisory Procedures

In general, the DCER at the Group level monitors the standards and procedures in terms of outward reinsurance to make certain they are applied properly, both in the case of annual treaties and optional outward reinsurance operations. The checks were reinforced through the implementation of new rules in 2009 on underwriting limits in direct insurance and fronting activities.

The DCER is in charge of reinsurance accounting for Groupama SA and all French subsidiaries. In this area, it verifies the claims of reinsurance policy holders, the premium bases as well as any specific information required by the reinsurers.

The DCER sets in motion the following procedures, according to the risks involved:

- for its own management transactions, on an integrated control: based on the specialised SIGRE reinsurance software, which contains oversight and alert modules, integrated procedures that are supplemented by meetings of the DCER Management Committee between the technical and accounting units of the DCER;
- to control the risk of storms in France, some disaster damage modelling/simulations were created using expert software by the reinsurance brokers or by specialised agencies (such as RMS). On behalf of Groupama SA, they are also performing studies on disaster risks (earthquake, flood, etc.) of the subsidiaries exposed (Italy, Portugal, Hungary, Turkey, Greece, Romania, Bulgaria, etc.).

  In order to better understand the Group's commitments, a major study was initiated in 2009. It was continued in 2010 with an initial phase materialised on the "residential risks" and "agricultural risks" portfolio segments, which constitute the major portion of the portfolio of the regional mutuals. During 2011 then 2012, this study was expanded and finalised for all storm risks of the Group in order to have a uniform evaluation of the risks in all of the Group's entities, an evaluation shared with the Business and Operational Departments.

  The reliability of the process for evaluating commitments was thus strengthened through the audit, control of the databases and a standardised approach to valuing the amounts insured using source data. This then enables deployment of a methodology based on shared principles that still accounts for regional specificities via the use of additional parameters.

  These improved valuations were also used in connection with the Group reinsurance program to define, as precisely as possible, the modelling of a 200-year claim with the RMS modelling tool;
- to control the management risk from entities that remain the owners of the data provided to external reinsurance, on a level 2 control implemented by it, or by and authorised third party:
  - for insurance companies in France, whose reinsurance accounting is handled by the DCER, audits of reinsurance policy holder claims, the premium base and specific data required by reinsurers,
  - for companies whose accounting is not handled by the DCER, audit of the consistency of the data necessary for reinsurance with the investment and monitoring thereof: statistical and technical data, audit of compliance with Group procedures, in terms of good outward reinsurance practices and the proper application of the security rules by respecting the list of reinsurers accepted by the Group Security Committee.

Reporting procedures

The staff of the DCER submit weekly internal reports (investments in progress), monthly (highlights) and quarterly (accounting review at the end of every quarter) to the department head. The department head then presents an annual renewal report to the Executive Management of Groupama SA that can be updated at any time, as well as pre and post external renewal interim balance sheets. The Executive Management of Groupama SA has to approve the levels of protection and general policy guidelines for external outward reinsurance to be adjusted every year; this information is presented to the Boards of Directors of the French insurance companies in accordance with the regulations in force.

Reinsurance report

The Groupama SA reinsurance report is prepared every year by the DCER, and then presented to the Board of Directors and sent to the ACP. This report presents the Group's policy in terms of outward reinsurance and the terms for implementing it (including the general procedures) as well as the report on renewing the Groupama SA reinsurance scheme for the current year.

3.4.5.10 Investment monitoring and management

The investment management methods and control structure are described in point 3.4.4.4 (see above).

3.4.5.11 Risk management related to loans, guarantees and off-balance sheet transactions

Groupama SA, in its capacity as a parent holding company, handles the clearing and monitoring of financing and guarantee transactions both internally and outside the Group. The Group Finance Department, working with the Group Legal Department in the Corporate Secretary, handles the monitoring, and a report is prepared for the ACP in connection with the adjusted solvency file.

3.4.5.12 Monitoring solvency and profitability

The Group Financial Controlling Department, within the Group Finance Department, calculates the Group's adjusted solvency every year as required by regulations. This calculation is reviewed for consistency by the statutory auditors, and the DFG prepares the Groupama SA solvency report.

In addition, the Investment Department tracks the solvency of Groupama SA and its subsidiaries as well as their coverage of regulated commitments:

- solvency margins verified based on items sent by the subsidiaries;
- hedging of regulated commitments verified (sufficient nature and description of admissible items);
- verification and decision concerning the appropriation terms and conditions of the annual earnings of the subsidiaries.

The Investment Department also closely monitors the following:

- Groupama SA's equilibrium in terms of "employment and sources of funds";
- changes in the insurance and holding activities of Groupama SA;
- changes in the combined solvency margin between two accounting periods.

Lastly, the Investment Department tracks any distortion of Groupama's combined regulatory solvency margin and assesses its sensitivity as well as that of the capital surplus according to the models used by the rating agencies.

3.4.5.13 Monitoring operating risks

Regarding operational risk management, the Group has developed a process-based approach methodology since 2010. The principle is based on the formalisation of the processes of each entity, the determination of operational risks likely to affect these processes and the identification of the control elements of the corresponding risks, by referring to the Group standard of reference of processes and the Group nomenclature of operational risks made available to the entity in the first half of 2011.

Regarding permanent control, the Group's actions were extended in 2012 with the deployment of the approach to all Group entities, in both level 1 and level 2 permanent control.

To promote, disseminate and to support those in charge that are affected by the operational risk mapping programme and permanent control plan formalisation, training and communications modules were developed. In addition, employees of the Group Internal Control and Risk Management Department (in collaboration with the International Subsidiaries Department for the subsidiaries concerned) provided year-long support to each entity in order to assist them on this project.

Regarding Business Continuity Management, the Group entities have Crisis Management Plans and Business Continuity Plans (BCP) for personnel, buildings and information systems. The various features required to manage the three cases of major unavailability are identified. This involved the Crisis Management Plan (CMP), Communications Plan (COMP), Personnel Management Plan (PGP), Business Line Continuity Plan (BLCP), User Recovery Plan (URP), IT Contingency Plan (ITCP), Return-to-Work Plan (RWP) and Operational Readiness Maintenance (ORM).

Lastly, work was successfully completed in 2012 to design an EU operational risk management tool based on a shared methodology. As part of this, deployment among the Group entities began in July 2012 and will continue through 2013. Once it is deployed, the tool will offer a cross-functional view of group-wide risks and will satisfy control security and tracking requirements.

(a) Methods of marketing the Company's products

The controls carried out in this area are performed in the form of internal checks by each of the Group's insurance companies.

Groupama SA does not have a directly owned sales force and does not distribute insurance policies directly except marginally.

(b) Control of logistical resources and IT systems

Since 1 July 2011, the logistical resources and IT systems have been managed by GIE Groupama Supports & Services (G2S). In addition to Groupama SA, Groupama Supports & Services handles the management of purchasing, IT systems and logistical resources for all of its members, including the regional mutuals, most of the Groupama SA French Subsidiaries and certain international subsidiaries.

The CEO and Managers comprise the Groupama Supports & Services Steering Committee. This committee relies on special commissions that address cross-functional issues concerning audits, internal control and quality, finance, human resources and technical and operational town planning of IT systems.

The management of risks covering security, internal control, compliance, risk management and operational risk insurance is handled within Groupama Supports & Services by the Strategy, Performance, Security Control, Risk and Quality Department (DSPM), which is a department under the direct supervision of the GIE CEO.

The Risk Management Division is responsible for management of risks, coverage of operating risks, internal control, compliance and quality.

The Security Division is in charge of security and emergency services for IT systems, and since November 2012, it is also in charge of security of operating buildings and their regulatory compliance, occupant assistance, as well as satisfaction of social and environmental responsibility requirements (single document, carbon assessments, etc.).

The progress of all improvement/corrective action plans regarding logistics and IT is regularly monitored in the Operational Management Committee of each business line.

Every year, a specific Groupama Supports & Services internal control report is produced and presented to the Board of Directors of the GIE.

Control of logistical resources

Each area of the Logistics Department is covered by procedures and/or operating methods that were identified and mapped. In 2012, all logistics processes of Groupama Supports & Services were updated, and it was ensured that each activity corresponds to at least one procedure.

As a result of this process, all level 1 controls put into place or to be put into place have been mapped. These controls were formalised in the form of standardised sheets making it possible to identify the party responsible for the control and their monitoring by way of action plans.

All of the monitoring indicators have been collected so as to establish level 2 controls over 2013.

Control of IT systems

Its strategic management and organisation, the total IT budgets and per-customer budgets, operational relations between Groupama Supports & Services and its customers, as well as the quality of its services, are regularly tracked by the Group control bodies, *i.e.*, area committees that are responsible for managing the IT investments made in each business line.

The RSSI (Head of IT Security) reports to the Head of Strategy, Performance, Security Control, Risks and Quality (DSPM). That person defines and coordinates the security policy for the IT systems (PSSI). The 2011 version of the PSSI is available in French and English. It defines the security requirements applicable by all of the Group's entities. Groupama Supports & Services shares its expertise with the Group's French and foreign companies, whether or not they are clients of GIE.

Each year, the security of the IT systems undergoes technical audits. Depending on the scope involved and the choice of the order originator (RSSI, customer entity of the GIE or supervisory authority), these audits are carried out by the Security Division itself, the Security Division in partnership with an outside service provider, or by an outside service provider. Where appropriate, these audits result in recommendations included in the security corrective action plan, the progress of which is regularly monitored in the IT System Operational Management Committee.

The RSSI is also in charge of the IT Contingency Plan (ITCP), an IT component of the Business Continuity Plans for GIE clients. These ITCPs cover the "Data Center – central or local" Contingency Plan and "Workstation" Contingency Plan components. Regular technical user drills are held in connection with this area, following an annual schedule. "Data Center – central" ITCP drills have taken place since the last quarter of 2012 on the Groupama Supports & Services site in Mordelles. This new site now makes it possible to satisfy the most demanding Customer requirements regarding the maximum time for resumption of applications (24 hours) and the maximum data loss (a few minutes). "Workstation" ITCP drills are conducted on a back-up site covered by a service contract.

In order to ensure that the defined "Data Center" ITCPs are in operational condition and always at the expected level of efficiency, a permanent control process has been deployed. Every year, two major drills are organised. They simulate the total loss of the Bourges data centers. Thus, during these tests (traditionally organised in June and October), the procedures are qualified in order to verify compliance with the commitments made. The June drill is a "technical" drill; the October drill is business line oriented, and the GIE customers are mobilised.

In addition, every month, a test limited to one or two applications is performed. These new applications must first pass this test before being incorporated into a major drill. Every year, the scope of the major drills is thus enriched.

The "Workstation" ITCP drills coupled with the User fallback drills allow all players to confirm that they are indeed in a position to perform the work necessary to transition from the recurring operating mode to one in a disaster situation.

All ITCP drills are organised similarly.

In its different business areas (Studies, Production, User Services, etc.), the Groupama Supports & Services IT Systems Department carries out oversight and risk management procedures both for itself and for its customers, especially for the following issues:

- the procurement process: purchases are centralised; checks are made to make sure that the amount of the order is in keeping with the budget; contracts are validated from a legal point of view; suppliers are vetted annually;
- the IT system: checks are carried out on the quality of the services supplied as well as costs; the cost of the work units of Groupama Supports & Services are regularly compared to those of equivalent companies in France and across Europe;
- the implementation of projects: monthly project reviews are scheduled, one of their key points being the analysis of project risks and their control level, a quality assurance review and reviews concerning architecture and operability;
- continuity of operations: the two production sites, Bourges 1 and Bourges 2, provide customers of Groupama Supports & Services with continuity of operations that guarantees high availability of applications; regular drills to switch over from one site to another are carried out;
- the management of incidents and the Help Desk: monitored and controlled using specific incident measurement indicators;
- the availability of production services: this consists in checking that the SLA (Service Level Agreement) between Groupama Supports & Services and its customers is complied with;
- the security of production transactions: this is checked through traceability using identification, authentication and audit procedures;
- managing the security of IT buildings: the DSPM conducts audits: computer rooms, "IT security" audits, Groupama Supports & Services sites, "building security" audits; all of those audits are performed using a methodology developed by CLUSIF, an association of large French companies sharing best security practices.

The result of this monitoring is shared with the GIE customers through two committees:

- the Customer Relations Committee (CRC) which acts as an interface between the customer and Groupama Supports & Services;
- the Service Quality Committee (CQS), which ensures compliance with the indicators set out in the service contract.

The Group Major Risks related to information systems undergo a semi-annual examination by the DSPM, which results in a report in order to:

- evaluate the pertinence of the activity control measures implemented;
- monitor the risk management improvement plans.

Those risks are regularly examined by the Group Operational Risks Committee and on an annual basis by the Group Risks Committee.

Control and management of major inter-company risks

CONTROL OF EXPENDITURE AUTHORISATION

The control of expenditure authorisation is handled through the IT system built on SAP software. Purchasing requests, orders and accounts payable are handled through internal GIE validation workflow, while payments themselves are made by Groupama SA's Accounting Department.

This system secures flows by:

- implementing and tracking delegations of authority during approval workflows;
- mandating the use of a supplier list provided in the software and created by Management Oversight ahead of time;
- requiring mandatory entry of detailed information on a policy's pricing and timeframe conditions;
- requiring orders to be entered and validated in order to validate an invoice.

BUSINESS CONTINUITY PLAN (BCP)

Groupama Supports & Services manages three kinds of Business Continuity Plans (BCPs). They all include a Crisis Management Plan, a Communication Plan, an Employee Management Plan, a Business Continuity Plan and a Return-to-Work Plan. The three kinds of BCPs are:

- a BCP in the event of HR unavailability, which incorporates the Pandemic BCP and ensures business continuity for the inter-company venture, whether in the event of a mild pandemic (no modification of inter-company venture operations) or a severe pandemic (reduced operation of the inter-company venture); this BCP provides for remote working procedures;
- a Building BCP, which provides for the inter-company venture's business continuity in the event of a major incident affecting the building; this BCP includes a User Recovery Plan (URP) and an IT Contingency Plan in the Work Station and local Data Center section, to the extent that the building in question houses IT facilities;
- an Information Systems BCP, which provides for the inter-company venture's business continuity in the event of a major incident affecting the IT system of the central production site; this BCP incorporates the IT Contingency Plan in the central Data Center section.

COVERAGE OF OPERATING RISKS

Based on the coverage policy for operating risks (buildings, professional and operational third-party liability, third-party liability of Corporate Secretaries) initiated since 2010 both on its own behalf and on behalf of Groupama SA and its French Subsidiaries, Groupama Supports & Services extended its area of expertise in 2012 by offering to all regional mutuals, starting on 1 January, framework contracts for Professional third-party liability and Operating third-party liability in place since 2011 for the Groupama SA scope. Along the same lime, third-party liability cover for Corporate Secretaries of the regional mutuals has also been outsourced.

(c) Control of overheads, trade payables and outsourced activities

Control of the management of overheads by Groupama SA and its subsidiaries

Expenses by the subsidiaries are incurred in the context of monitoring those subsidiaries as described in 3.4.1.3.

The overhead expenses of Groupama SA departments are accounted for in the annual budgets discussed by Executive Management.

The expenses, as well as the budgets, of the Groupama SA departments are consolidated with those of the main subsidiaries and are subject to periodic monitoring implemented and coordinated by the Group Analysis and Management Control Department within the Group Financial Controlling Department, in particular through key indicators, overhead reports and financial reports.

Concerning more specifically the monitoring and control of the expenses incurred by the departments of Groupama SA, the following should also be noted:

- a three-year budget forecast is drafted by the departments every year;
- since 2006, an automated work flow defined in accordance with precise internal control rules has been applied to the order/procurement process: this system makes it possible to separate the tasks among the requester, the approval body and the payer, and to automate budgetary control and to account for expenses automatically as soon as a commitment is made.

Regarding the management of expense reports, controls carried out by the Group Accounting and Groupama SA Analysis and Management Control Departments supplement the automatic controls performed by the SAP tool, the use of which has been decentralised among the Groupama SA departments since 2007.

Internal control of the Groupama SA procurement process

After approval by the Steering Committee and after its Works Committee gave the go-ahead, Groupama SA attached to its Internal Regulations a procurement ethics charter on 29 March 2006.

As mentioned earlier, an order/purchase management system has been used since 2006 for practically all Groupama SA purchases, excluding assignment expenses which are entered directly in the SAP accounting system.

This system is used:

- to monitor all suppliers;
- to account for costs as soon as the commitment is made, using an integrated feature of SAP;
- to secure the separation of tasks amongst the principals, the approval-giving bodies and the Accounting Department;

- to automate budgetary control and the cost distribution process;
- to help reduce the amount of time it takes to prepare financial statements and to improve the quality of the financial forecasts;
- to secure supplier payments as related to actual deliveries in keeping with orders;
- to clear all invoices with the cost monitoring unit within the Group Accounting Department.

The major organisational and operating principles set out in the document Ligne Fonctionnelle Achats (Functional Purchasing Chain) continued to be implemented in 2012, in particular with the adaptation to the context of the procedure for calculation of the resulting economic performance and the periodic monitoring of supplier risks.

Control of outsourced activities

Pursuant to the stipulations of the Group's internal control charter:

- the internal control systems authorised within the Group (Groupama Supports & Services, and Asset Managers) by Groupama SA are the responsibility of the proxy.

  For example, when securing information, the RSSI (Head of Information Systems Security) of Groupama Supports & Services is required to arrange the performance of targeted audits using either internal skills or with the assistance of a specialised outside company;
- for activities outsourced outside the Group, Groupama SA has established appropriate sub-contracting agreements setting forth the terms and conditions for the control and monitoring of this service, in particular the possibility of a technical audit at the provider's place of business.

3.4.6 THE RELIABILITY OF FINANCIAL DATA

The Group Financial Controlling Department within the Group Finance Department is responsible for preparing the financial statements and the notes to the shareholders, oversight agencies and tax authorities.

3.4.6.1 Parent company financial statements

The parent company statements are prepared with an ongoing concern for identifying all funds flows in detail, assigning a value to them and accounting for them in accordance with the regulations in force.

The kinds of internal checks performed for that purpose are listed below:

- security procedures and internal checks: every area Manager guarantees the appropriateness of the work load for the skills of his or her staff and ensures their compatibility while at the same time ensuring the separation of duties among employees;
- integrated control and control tests: this refers to all operations guaranteeing the reliability and existence of an audit trail when data are charged to the accounting, tax and regulatory information system, notably:
  - the functions and applications used to perform reliability tests and tests to check on the accuracy and consistency of accounting transactions,
  - the other actions and tests of a non-computer nature targeting mainly the consistency checks by random sampling carried out on large-volume transactions, with very low unit amount (e.g. balancing of policyholder balances, tax statements);
- hierarchical control: aimed at distributing information and allowing the cross-checking required for the reliability of the parent company financial statements. This is done through several current management procedures and in inventory:
  - within current management:
    - separation of the functions of commitment to and payment of expenses:

      Spending of a technical, general or financial nature is in principle ordered by persons outside the Group Financial Controlling Department who are authorised up to a certain ceiling based on the type of expense; payment of such expense is initiated by the Group Financial Controlling Department only after a signature different from that of the authorising officer;
    - monitoring of banking authorities:

      Banking signature authority delegated to some employees is subject to administrative monitoring and regular updating;
  - within inventory management and preparation of the financial statements:
    - regular review points between the Group Financial Controlling Department and the other Departments designed to provide an overview of all the flows for the year and anticipate incorporating them into the accounting records;
    - measuring the consistency between the parent company statements and the estimated statements in collaboration between the various teams of the Group Financial Controlling Department;
    - building up a collection of backup documentation for the financial statements of the year under the supervision of the reviewer's direct superior, then the department head;
    - review of parent company and Group tax income/expense with the Group Tax Department;
    - internal meetings within the Group Finance Department to deal with different operational and functional views and thus to ensure the validity of the Groupama SA auxiliary and parent company financial statements;
    - approval of the financial statements by Executive Management.

In addition, the Group Financial Controlling Department regularly updates the modelling of its accounting procedures under a dedicated application in order to comply with the regulatory requirements in terms of audit trails and documentation of accounting standards.

In accordance with its position as parent company of the Group, Groupama SA handles the accounting for a certain number of subsidiaries through its Service Sharing Centre (operating SCIs GIE Groupama Support and Services, holding companies and other subsidiaries); it also handles investment accounting for the French profit centres.

The Group Financial Controlling Department prepares the financial portion of the financial statements (securities and real estate, plant and equipment) for the profit centres using an auxiliary accounting system. For those entities in particular, it works with the Group Tax Department to calculate the financial taxable income/expense (securities and real estate) and drafts the statutory financial statements to be sent to the ACP.

The tools and procedures used to keep investment auxiliary accounts (back-office securities and accounting tool) and the accounting systems of the entities without the means to have their own Accounting Departments comply with the same internal control criteria as those described previously for the Groupama SA parent company statements (see above). With regard to the investment accounting system, it should be noted that standardised controls, which are subject to written procedures, can be used to guarantee the reliability of the information regarding investments.

3.4.6.2 Consolidated financial statements

The internal control procedures used to establish the reliability of the consolidation financial information for the shareholders of Groupama SA are based on five basic principles: checking the appropriateness of skills (internal check), integrated control, parallel control tests, hierarchical control and Group benchmarking.

(a) Security and internal checking procedures

They are applied at the level of the departments preparing the consolidated financial statement in the same way as described in the section on the parent company financial statements (see above).

(b) Integrated control

The Group's system for developing condensed financial data has been implemented throughout the entities, including recent acquisitions. It is based on a single consolidated data production base. All the entities supply this base with data through secure links. It contains a large number of controls designed to guarantee the quality of the financial data:

- the first verification level entails checking the consistency of data standard (all the Group's data is presented in a format that follows a single standard);
- at a second level, a series of automatic checks is built into the entities' individual data-gathering phase. These checks mainly concern the overall accuracy and consistency of the items entered. In fact, depending on the types of control, this either causes the data input to be blocked automatically (which can only be cancelled if the precise data is input), or else it restores glitches to be corrected. The central level has the audit trail of these controls. The computer system allows a fairly high level of automatic control through the development of interfaces with the upstream systems;
- at the central level, additional controls are carried out. These mainly involve the necessary consistency of the data among the different entities in the Group (such as, for example, for internal reciprocal transactions) and central transactions (conversion of foreign subsidiaries, consolidation entries, etc.).

The system has an audit trail that can run any cross-checks desired to identify and monitor any data and trace the source of any elementary data, from the parent company to the consolidated level. This set of parameters is tested regularly (particularly by republishing old scenarios).

(c) Control tests

A set of verification and control tests has been put into place to ensure that transactions are executed reliably whether they are computerised or not. In addition to the computerised procedures, these procedures have two main objectives:

- checking the origin of the data (from the standpoint of accuracy and application of the standards); this check is based mainly on consistency checks with the estimates, with the parent company analytical notes (or the management report) of each entity, and on a management questionnaire designed to ensure that the Group's most sensitive accounting standards and methods are properly applied;
- verification of central processing: accuracy checks are carried out to guarantee that central consolidation transactions are correctly processed (sharing of shareholders' equity, dilutions/accretions, etc.).

Control tests are clearly outlined in a formal review manual.

(d) Hierarchical control

Hierarchical control seeks to ensure that the principal items affecting the fairness and accuracy of the financial data, as well as the asset position and the profit/loss (parent company and consolidated) disclosed to the shareholders, are captured in the data presented. This control involves the use of several procedures:

- checking for consistency with the estimates and with any item used to cross-check the data appearing in the financial statements;
- meetings to approve the financial statements with the employees producing the financial data (with a review of any problem subjects encountered during the approval process);
- approval meetings with the statutory auditors of the consolidated financial statements;
- meetings with the Steering Committee to review the consolidated financial statements;
- meetings of the Audit and Risk Management Committee to review the consolidated financial statements.

All of these tasks are aimed at enhancing the quality of the financial data, particularly the consolidated financial statements as well as the management report to the Board of Directors.

(e) The Group standard of reference

The accounting standards for the consolidated financial statements are the IFRS. They are distributed at Group level, and instructions for using them are given in a consolidation manual containing reminders of each line item in the balance sheet and the income statement:

- IFRS reference text and a summary of the standard;
- the area of application and possible options selected by the Group wherever the IFRS leave the possibility of applying options;
- application methods.

The consolidation manual is available online. It can be accessed by all the entities in the Group (French and English versions). It is updated regularly based on any changes in the IFRS.

This consolidation manual also includes instructions (French and English versions) issued at every closing to all Group entities. The instructions emphasise the specific items applicable to each approval process. These instructions are sent to the statutory auditors for information.

Training in both methodology and operations is given regularly to all the players involved in the Group so that the requirements introduced by the IFRS are properly understood and incorporated into the financial statements.

Pre-closing procedure

Since 2007, the Groupama SA Executive Management has introduced an operating methodology into the consolidated financial statements aimed at improving estimates of results by the different entities in the Group. This so-called "pre-closing" methodology is based on the data from the latest available forecast and helps to determine the profit or loss to be contributed by each entity for the current year at its most probable level. This system involves the following:

- a systematic and critical review of the principal aggregates making up the interim management balances;
- identification and discussion of the main problem areas specific to each entity in connection with the financial statements (instances of some particular transactions requiring a management decision by the Group's Executive Management, consequences of new accounting rules or regulations, treatment of certain disputes, and any other points requiring a final decision by the Executive Management).

This gives the Executive Management an across-the-board picture of 2012 earnings. In order to make the process more effective, analyses of post-closing differences are generally carried out. The purpose of these meetings is to understand and justify any differences between the anticipated profit/loss and the final profit/loss.

3.4.6.3 Combined financial statements

The internal control procedures applicable to the combined financial statements are similar in every way to those described above for the drafting of the consolidated financial statements. The operating procedures for drafting the combined and consolidated financial statements are strictly the same.

3.4.6.4 Supervision of intra-group accounting transactions

Transactions amongst subsidiaries and Groupama SA (internal loans, subsidiary restructurings, capital increases, dividend payouts, etc.) are subject to decisions validated by the Groupama SA Executive Management, and to technical and operational control by the Group Financial Controlling Department. Controls on these operations are performed by auditing the consolidated financial statements, *i.e.*: by reconciling intra-group transactions, monitoring any changes in shareholders' equity, and reviewing the transactions recorded for consistency with legal documentation.

3.4.6.5 Preparation for the future Solvency II regulatory reporting

In view of the future implementation of the Solvency II reform, the Group Financial Controlling Department also heightened its work in 2012 to prepare for the future Solvency II regulatory reporting:

- with the contributing departments of Groupama SA: continuation of the analysis of the quantitative appendices, discussions and work on the industrialisation of the reporting process, blank tests on the economic assessment, etc.;
- with the entities of the Group: organisation of workshops for presentation of the various quantitative appendices and planned processes, particularly on the economic assessment and assets, etc.

This work will continue in 2013.

3.4.7 OUTLOOK FOR GROUPAMA'S INTERNAL CONTROL

The deployment of an internal control and risk management system based on the deliverables developed with a pilot entity, in compliance with the requirements of Pillar 2 of Solvency II, was initiated in 2012 and will continue in 2013 in all entities of the Group, particularly with:

- the establishment and regular holding of the various risk committee meetings in the Group's entities consistent with the establishment at the Group level of Group risk committees for each major risk family (insurance, financial, operations);
- the gradual deployment of level 1 and 2 controls in compliance with efforts to map processes and operational risks identified;
- the finalisation and development of the specifications of the community tool for operational risk management as well as its gradual placement into production within the entities in France;
- the gradual training of employees on the level 1 and 2 controls as well as the community tool as they are deployed.

In addition, major projects pertaining to the protection of the Group's solvency and the optimisation of capital allocation were continued, particularly with:

- validation, at the Group level, of an asset risk limit framework and the Regulatory Capital-Adjusted Profitability project in non-life insurance;
- the launch of the ORSA (Own Risk and Solvency Assessment) group white paper report project with the objective of defining the complete process serving as the basis for the report for fiscal year 2013.

In 2013, the Group will strengthen its risk control policy aiming to further incorporate the approach for risk management into its decision-making and strategic processes, particularly with the operational implementation of the asset risk limit framework at the level of the Group and of all of its entities, the continuation of the Regulatory Capital-Adjusted Profitability project, as well as the ORSA report production project.

3.5 REPORT BY THE STATUTORY AUDITORS ON THE CHAIRMAN'S REPORT

This is a free translation into English of the statutory auditors' report on the chairman's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory auditors' report prepared pursuant to Article L. 225-235 of the French Commercial Code, and dealing with the report of the Chairman of the Board of Directors.

(Fiscal year ended 31 December 2012)

	Mazars
PricewaterhouseCoopers Audit	Tour Exaltis
63, rue de Villiers	61, rue Henri-Régnault
92208 Neuilly-sur-Seine Cedex	92400 Courbevoie

To the shareholders,

In our capacity as statutory auditors of Groupama SA and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your company in accordance with the provisions of Article L. 225-37 of the French Commercial Code for the financial year ended 31 December 2012.

It is the responsibility of the Chairman to prepare and submit for the Board of Directors' approval a report on the internal control and risk management procedures in place within the Company and to provide any other information as required under Article L. 225-37 of the French Commercial Code pertaining in particular to corporate governance.

It is our responsibility:

- to report to you on information set out in the Chairman's report concerning the internal control procedures and risk management related to the preparation and treatment of the accounting and financial information;
- to certify that the report covers the other information required under Article L. 225-37 of the French Commercial Code, it being understood that it is not our responsibility to verify the accuracy of such information.

We have conducted our audit in accordance with the professional standards applicable in France.

Information concerning internal control and risk management procedures relating to the preparation and treatment of accounting and financial information

Under professional standards we are obliged to apply procedures designed to assess the accuracy of information on the internal control and risk management procedures relating to the preparation and treatment of accounting and financial information in the Chairman's report. This consists of the following:

- reviewing the internal control and risk management procedures relative to the preparation and treatment of the accounting and financial information presented in the Chairman's report as well as any existing documentation;
- reviewing the work based on which such information was prepared and any existing documentation;
- determining whether any material internal control deficiencies we may have found in our audit in relation to the preparation and treatment of the accounting and financial information have been properly disclosed in the Chairman's report.

Based on this audit, we have no comments to make on the information given concerning the Company's internal control and risk management procedures related to the preparation and treatment of the accounting and financial information contained in the report by the Chairman of the Board of Directors, prepared pursuant to the provisions of Article L. 225-37 of the Commercial Code.

Other information

We hereby certify that the report of the Chairman of the Board of Directors contains the other information required under Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, 27 February 2013

The statutory Auditors

PricewaterhouseCoopers Audit		Mazars	
Éric Dupont	Christine Billy	Jean-Claude Pauly	Maxime Simoen

3.6 FEES OF THE STATUTORY AUDITORS

In 2012, like in 2011, the statutory auditors also performed a number of tasks that are directly related to the statutory auditing service but do not directly fall under the scope of legal audit tasks. The scope of these tasks and their implementation procedure fall within the charter governing the role and duties of statutory auditors within the Group. These tasks represent an overall budget of €1,075.4 million in 2012, compared to €1,131.7 million in 2011. In 2012, they mainly include the specific due diligence measures of the statutory auditors within the framework of disposals of portfolios of Gan Eurocourtage's Brokerage and Transport businesses, whereas in 2011, they mainly corresponded to the extraordinary due diligence measures related to the certification of the Solvency II internal model.

Auditors who are not members of the Group's joint auditors' Group generally work as joint auditors on some subsidiaries of the Group, particularly in real estate.

FEES OF THE STATUTORY AUDITORS

	2012						
(In thousands of euros excluding taxes)	Pricewaterhouse Coopers		Mazars		Other		Total
1. Legal audit assignments							
1.1. Statutory auditing, certification, review of individual and consolidated financial statements	**2,709.7**	**59.0%**	**1,731.7**	**37.7%**	**155.1**	**3.4%**	**4,596.5**
Groupama SA	605.7	57.1%	456.0	42.9%	0.0	0.0%	1,061.7
French subsidiaries	1,191.7	53.4%	949.6	42.5%	90.6	4.1%	2,231.9
International subsidiaries	912.3	70.0%	326.1	25.0%	64.5	5.0%	1,302.9
1.2. Other due diligence measures and services directly related to the statutory auditing task	**455.1**	**42.3%**	**582.0**	**54.1%**	**38.3**	**3.6%**	**1,075.4**
Groupama SA	418.8	46.2%	488.2	53.8%	0.0	0.0%	907.0
Other subsidiaries	36.3	21.6%	93.8	55.7%	38.3	22.7%	168.4
SUBTOTAL CONSOLIDATED FINANCIAL STATEMENTS	**3,164.8**	**55.8%**	**2,313.7**	**40.8%**	**193.4**	**3.4%**	**5,671.9**
2. Other services rendered by the networks to the fully consolidated subsidiaries	0.0	0.0%	5.7	100.0%	0.0	0.0%	5.7
TOTAL CONSOLIDATED FINANCIAL STATEMENTS	**3,164.8**	**55.7%**	**2,319.4**	**40.9%**	**193.4**	**3.4%**	**5,677.6**

FEES OF THE STATUTORY AUDITORS

(In thousands of euros excluding taxes)	2011						
	Pricewaterhouse Coopers		**Mazars**		**Other**		**Total**
1. Legal audit assignments							
1.1. Statutory auditing, certification, review of individual and consolidated financial statements	3,347.1	53.5%	2,556.8	40.8%	357.4	5.7%	6,261.3
Groupama SA	902.0	51.7%	844.0	48.3%	0.0	0.0%	1,746.0
French subsidiaries	1,426.7	53.6%	1,041.1	39.1%	194.0	7.3%	2,661.8
International subsidiaries	1,018.4	54.9%	671.7	36.2%	163.4	8.9%	1,853.5
1.2. Other due diligence measures and services directly related to the statutory auditing task	622.5	55.0%	509.2	45.0%	0.0	0.0%	1,131.7
Groupama SA	410.7	44.6%	509.2	55.4%	0.0	0.0%	919.9
Other subsidiaries	211.8	100.0%	0.0	0.0%	0.0	0.0%	211.8
SUBTOTAL CONSOLIDATED FINANCIAL STATEMENTS	**3,969.6**	**53.7%**	**3,066.0**	**41.5%**	**357.4**	**4.8%**	**7,393.0**
2. Other services rendered by the networks to the fully consolidated subsidiaries	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0
TOTAL CONSOLIDATED FINANCIAL STATEMENTS	**3,969.6**	**53.7%**	**3,066.0**	**41.5%**	**357.4**	**4.8%**	**7,393.0**

3.7 RELATED PARTY TRANSACTIONS

Related party transactions are presented in Note 44 on related party transactions in the Notes to the consolidated financial statements for fiscal year 2012, audited by the statutory auditors.

3.8 MAJOR CONTRACTS

Over the past two years, other than during the normal course of business, Groupama SA and its subsidiaries have not entered into any major agreements with third parties that would confer a major obligation or commitment on the entire group consisting of Groupama SA and its subsidiaries.

On the other hand, major agreements bind Groupama SA, its subsidiaries and the regional Groupama mutuals in the context of their business relations. These agreements are described in section 2 of Note 44 of the consolidated financial statements.

3.9 STATUTORY AUDITOR'S SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

This is a free translation into English of the statutory auditors' special report on related-party agreements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Fiscal year ended 31 December 2012)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
Tour Exaltis
61, rue Henri Régnault
92400 Courbevoie

To the shareholders,

In our capacity as statutory auditors of the annual financial statements of your Company, we hereby present our report on the related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the principal terms and conditions of the agreements that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R. 225-31 of the French Commercial Code (Code de commerce) and Article R. 322-7 of the French Insurance Code (Code des assurances), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code and Article 322-7 of the French Insurance Code in relation to the implementation during the year of agreements already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. These procedures consisted in verifying that the information provided to us is consistent with the underlying documents.

(a) Agreements to be submitted for the approval of the Shareholders' Meeting

Agreements authorised during the year

In accordance with Article L. 225-40 of the French Commercial Code and Article R. 322-7 of the French Insurance Code, we were informed of the following agreements authorised by the Board of Directors.

- Financing of major group programmes

  For the financing of the major programmes for 2013, subsidies of a maximum amount of €6.5 million, net of corporate income tax, were granted to regional mutuals to support the development of the Group's banking activities (Groupama Banque). In addition, subsidies of €1.961 million, net of corporate income tax, were granted to finance part of the joint IT expenses (SIGMA). These two subsidies were successively authorised by the Board of Directors at its meeting of 30 October 2012, wherein the Chairman of the mutual concerned did not take part in the vote.

  Directors concerned: Mr Baucherel, Mr Bayeul, Mr Baylet, Ms Bocquet, Mr Collay, Mr Cornut-Chauvinc, Mr Dagès, Mr Pivard and Mr Schmitt.

- Sport sponsoring

  Within the scope of the Group's sports sponsoring programme, a subsidy totalling a maximum of €0.215 million, including taxes, was granted to a regional mutual for the 2012-2013 season, depending on factors such as media coverage. This subsidy was authorised by the Board of Directors at its meeting of 30 October 2012, wherein the Chairman of the mutual concerned did not take part in the vote.

  Director concerned: Mr Dagès.

- Partial repayment commitment agreement

  As part of the contribution to Groupama Gan Vie of all SAS Holdco SIIC equity held by Groupama SA, the Board of Directors authorised the Company to enter into an agreement by which Groupama Gan Vie makes a commitment for partial repayment to Groupama SA of any capital gain realised in the event of subsequent disposal or contribution of such equity. This agreement has a term of 20 years.

  Directors concerned: Mr Cornut-Chauvinc, Mr Collay and Mr Pivard.

- Financing of Groupama Épargne Salariale

  On 15 March 2012, the Board of Directors authorised the payment to Groupama Épargne Salariale of a maximum grant of €2 million to be spread out over two years, starting in 2012, based on its financial requirements.

(b) Agreements already approved by the Shareholders' Meeting

Agreements approved in previous years

In accordance with Article R. 225-30 of the French Commercial Code and Article R. 322-7 of the French Insurance Code, we were informed that the following agreements, approved by the Shareholders' Meeting in previous years, remained in force during the year ended 31 December 2012.

- Sport sponsoring

  Concerning the sports sponsoring programme, the subsidies granted to the regional mutuals in 2012 for the 2011-2012 season amounted to €0.215 million net of corporate income tax.

- Financing of major group programmes

  Concerning the grants authorised by the Board of Directors on 26 October 2011 for the financing of the major programmes for 2012, the amounts actually allocated to the regional mutuals were as follows: €2.018 million net of corporate income tax for the deployment of the banking activity (Groupama Banque) and €4.67 million net of corporate income tax for joint IT expenses. In addition, recall that as part of the Group's development strategy in France, Groupama SA had agreed to financially support the Groupama Paris Val de Loire regional mutual for a maximum of €30 million net of corporate income tax, to be used for the creation of local branches in Paris. No such payment was made in 2012.

- Agreement for a security and solidarity system

  The purpose of this agreement, which was approved by the Shareholders' Meeting on 18 December 2003, amended by a rider in December 2004, is to guarantee the security of management and the economic and financial equilibrium of all regional mutuals and Groupama SA and to organise solidarity among those entities; the agreement provides for procedures geared around four measures:

  - Groupama SA conducts a three-year audit of all regional mutuals and spot audits if losses are recorded by a regional mutual;
  - solidarity fund mechanism for helping regional mutuals in difficulty; under this mechanism, the regional mutuals pay a portion of their net surplus, corresponding to 0.50% of their retained premiums, up to a limit of 50% of the annual surplus, with a cap at 3% of retained premiums;
  - appointment of the Chief Executive Officers of the regional mutuals;
  - agreement for combination of accounts, designating Groupama SA as combining entity.

Neuilly-sur-Seine and Courbevoie, 27 February 2013

The Statutory Auditors

PricewaterhouseCoopers Audit		Mazars	
Éric Dupont	Christine Billy	Jean-Claude Pauly	Maxime Simoen

4

RISK FACTORS

4.1 RISK FACTORS

Groupama draws attention to the risks described below. These risks could materially affect the Company's activities, consolidated net income, financial position, solvency margin and its ability to achieve estimated results.

However, the description of risks is not exhaustive. Additional risks and uncertainties not currently known or deemed to be minor could, in the future, prove to be major and materially affect Groupama.

The risks described below are inherent to the nature of the Group's activities and to the economic, competitive and regulatory environment in which Groupama operates.

Given the multiple possibilities and uncertainties relating to these risks, the impact of the identified risks cannot always be accurately quantified. However, in order to prevent, detect and manage risks on an ongoing basis, Groupama has implemented numerous risk management processes, procedures and controls. As with any control and monitoring system, this should not however be considered an absolute guarantee. Rather, it offers reasonable assurance that operations are secure and results are managed.

The organisation of the risk management system is described in detail in section 4.2 of this reference document. In addition, if the risks described in this section 4.1 result in a quantifiable financial impact or a material contingent liability, these are reflected in the Group's combined and consolidated financial statements, in accordance with applicable IFRS accounting standards.

The risks presented below are categorised based on their origin. They reflect the current view of the governing bodies as to the potential impact of each risk for the Groupama group.

4.1.1 RISK FACTORS RELATING TO THE INSURANCE BUSINESS

4.1.1.1 Cyclical nature of the property and casualty branch

The cycles associated with the non-life insurance business are of varying length. They may involve unpredictable catastrophic events or be impacted by general economic conditions and may result in alternating periods of intense rate competition and, conversely, rate increases.

These situations, which may result in lower premium income over the course of certain cycles, may lead to volatility and a worsening of the Group's net income and financial position.

4.1.1.2 Natural and human disasters

The increasing number of climate events, on a global level, as well another risks, such as acts of terrorism, explosions, the appearance and development of pandemics such as the H5N1 and H1N1 viruses and the future impact of global warming may have major consequences, not only in terms of their immediate damage and impact, but also in respect of insurers' current and future activities and income.

The potential increase in compensation and claims, the emergence of new kinds of liability, growing uncertainty as to the volume and level of maximum losses may, for example, have a material impaction Groupama's business activities, consolidated net income and liquidity.

Through the diversification of its portfolio, the individual selection of risks accepted, the limitation of its exposure to risks (specifically in respect of natural disasters), the management of overlapping risks and reliance on reinsurance, Groupama significantly reduces the negative impacts of its exposure. However, despite the careful attention paid to the monitoring of these risks and the risk control systems put into place, Groupama might still experience major losses in the future on such risks, which would have a material negative impact on its financial position and net income.

4.1.1.3 Inadequacy of reserves to address losses in the non-life segments

In accordance with the sector's practices and current accounting and regulatory requirements, Groupama establishes reserves both for claims and claims expenses relating to the non-life segments that it insures.

However, reserves do not represent an exact calculation of the corresponding liability but, instead, estimates of the claims amount, on a given date, using actuarial projection techniques. These reserve estimates are projections of the likely cost of ultimately settling and administering claims, based on our assessment of facts and circumstances known at that time, an analysis of historical settlement patterns, estimates of trends in claims' severity and frequency, legal theories of liability and other factors. However, claims reserves are subject to change due to the number of variables that affect the ultimate cost of claims. These factors may be varied, such as the intrinsic change in claims, regulatory changes, judicial trends, gaps inherent in the time lag between the occurrence of the insured event, notification of the claim and final settlement of expenses incurred in resolving claims.

These items cannot always be known, particularly on prospective basis. Actual losses may thus differ materially from the original gross reserves established. Consequently, the reserves may need to be increased or reduced, with an impact on net income.

Groupama continually reviews the adequacy of its established claims reserves with regard to its commitments. While the reserves currently established are sufficient and comply with the Group's prudent reserve policy, there can be no assurance that ultimate losses will not materially exceed the claims reserves established and will not have a material adverse effect on net income.

4.1.1.4 Uncertainties and changes in the forward-looking assumptions used to calculate the life insurance reserves and Deferred Acquisitions Costs (DAC)

The establishment of insurance reserves, including the minimum guarantees found in certain group savings and pension products, the adequacy test performed on the life insurance policy reserves, the recoverability test on the differed profit-sharing assets and the establishment of DAC rely, by their very nature, on uncertain information based on forward-looking assumptions about changes in factors that may (i) be of economic, demographic, social, legislative, regulatory or financial origin, (ii) relate to policyholder behaviour (surrender, lapses, persistency, etc.) or (iii) be specific to life insurance, such as mortality, morbidity and longevity.

Use of these many assumptions involving a high degree of estimation on the part of the Group's governing bodies, as well as changes in those assumptions or changes in the financial markets, may influence reserve levels, underwriting expenses and calculation of Groupama's DAC and could have an adverse impact on Groupama's net income, financial position and assessment of its valuation.

4.1.1.5 Requests for compensation that do not conform to the assumptions used to establish prices and to calculate technical reserves for life, savings and pension products

The profitability of the life, savings and pension products depends heavily on the extent to which actual claims match the assumptions used to determine prices for products, insurance policy servicing expenses and technical reserves.

If the benefits actually paid to policyholders were less favourable than those estimated based on the initial underlying assumptions, or if events or trends led us to modify those underlying assumptions, the Group would have to increase its commitments, which could reduce its net income.

As noted at § 4.1.1.4 above, establishing savings/pension insurance reserves, with or without specific guarantees such as minimum guarantees, naturally rely on uncertain information and judgments, both internal and external, and there are no guarantees that the reality of the products will not differ – positively or negatively – from these estimates.

4.1.1.6 Default of a reinsurer or increased reinsurance costs

While the purpose of reinsurance agreements is to transfer a portion of losses and related expenses to other insurers, they do not eliminate the requirement for Groupama, the direct insurer, to settle claims. In this regard, the Group is thus subject to the solvency risk of reinsurers at the time that sums due are recovered from them.

Although Groupama makes certain that its reinsurers are diversified and solvent, based on selection rules that are reviewed and updated regularly as part of the work of the Security and Reinsurance Committee, and although the financial crisis has not yet led any of the Group's reinsurers to default, they may find themselves unable to meet their financial obligations. This inability could adversely affect our net income.

Furthermore, the availability, amount and cost of reinsurance depend on overall current economic conditions and may vary considerably. In the future, the Group may be unable to obtain reinsurance at commercially reasonable prices, thus increasing its risk of loss due to lower levels of reinsurance, or its income statement could be adversely affected by the increased cost of reinsurance for its already-reinsured activities.

4.1.2 RISK FACTORS RELATING TO THE FINANCIAL MARKETS, THE FINANCIAL STRENGTH RATING, THE VALUATION OF ASSETS AND OTHER RELATED ASPECTS

4.1.2.1 The difficult and persistent conditions on the world financial markets and the economy

The financial crisis and its repercussions over in recent years have affected Groupama just as they have other players on the market. A wide range of factors, including uncertainty as to the availability and cost of credit, the stability and solvency of governments, financial institutions and other companies, future inflation, energy costs and geopolitical tensions, have created heightened volatility and uncertainty regarding forecasts of general economic and financial market growth. These factors, together with variations in real estate markets, declining consumer and business confidence and risks of higher unemployment, have produced a significant slowdown in the economies of all of the countries where Groupama is active, particularly in Southern Europe, Greece, Turkey, and Central and Eastern Europe.

The volatility of the world markets in fixed-rate instruments and the reduction in liquidity still affect many asset classes and sectors.

As a result of falling or lower levels of profitability of financial investments and the dependence of the Group's activities on consumer behaviour and confidence, these events and persistent market disruptions have affected and may, despite the hedging mechanisms used, continue to have an adverse effect on the Group's revenues and net income.

4.1.2.2 Unfavourable conditions on capital and credit markets

The capital markets continue to experience volatility and disruptions that limit availability of additional liquidity on the markets and the credit capacity of most issuers.

Groupama needs liquidity specifically to pay its operating expenses, claims settlements, contract redemptions and its financial expenses.

The Group's primary sources of liquidity are generated by the insurance business, including insurance premiums, annuity products, reserve funds, asset management commissions, cash flow generated by its investment assets as well as by cash and other balance sheet equivalents. These sources of liquidity are supplemented by super-subordinated securities (TSS), perpetual subordinated bonds (TSDI), subordinated securities (TSR) and credit facilities.

If current resources were unable to meet the Group's needs, Groupama would have to identify alternative financing methods that depend on factors that are both external (including market conditions, credit availability and volume of trade) and internal tote Group (financial rating, borrowing costs and perceptions of the short and long-term financial outlook).

Although Groupama has established a system to manage capita land financial flexibility proactively, supplemented by the creation of a liquidity portfolio, it could be unable to meet its liquidity needs or obtain financing on favourable terms. Insufficient liquidity and/or prolonged restricted access to financing could materially affect the Group's business, net income and financial position.

4.1.2.3 The worsening of the solvency margins of Groupama SA's subsidiaries because of unfavourable conditions in capital markets and changes in the interpretation of regulations

Groupama's entities involved in the insurance business are subject to the regulatory capital requirements of various local regulators. These capital requirements imposed on insurance companies generally depend on the design of the products, underwriting volumes, assets invested, commitments, reserves and changes in the capital markets, specifically with regard to interest rates and financial markets, subject to specific provisions applicable in certain countries. These regulatory requirements may be tightened – even significantly – during periods of volatility and downturn in the financial markets and/or when interest rates fall.

The Group's solvency margin is particularly sensitive to conditions on the capital markets (stocks and interest rates). Prolonged unfavourable conditions on the capital markets could adversely impact the Group's solvency margin further.

The Group monitors its solvency margin and its insurance disintermediation equity on an on-going basis to ensure compliance with current regulations and to ensure that Groupama SA and its subsidiaries are operating in an appropriate competitive environment.

Insurance regulators have broad discretion to interpret, apply and implement applicable rules with respect to solvency and regulatory capital requirements. If regulatory capital requirements are not met, regulators may take measures to significantly strengthen core equity requirements or restrict companies' activities.

Moreover, if the Group's subsidiaries fail to maintain adequate core equity in regard to regulatory requirements and/or their competitive positions, Groupama SA could be required to support them financially, which could adversely affect its liquidity position, consolidated net income and financial position. As part of the monitoring of its subsidiaries in this area, Groupama SA thus provides financing, if necessary, to certain subsidiaries to enable them to improve their level of solvency margin at the end of the year. In recent fiscal years, Groupama has carried out capital increases of its subsidiary Groupama Gan Vie: in 2011, following the simultaneous increase in the capital of Groupama SA by the regional mutuals, and in 2012 with contributions of cash and property assets.

Finally, when rating agencies assess Groupama SA's financial strength and credit quality, they take into account the Group's solvency margin and the regulatory capital position of its insurance subsidiaries. If the ratings agencies find that the capital adequacy of Groupama SA and its subsidiaries is insufficient in respect of the agencies' criteria, the financial strength and credit rating assessment can be downgraded.

Although Groupama has set up systems to ensure sufficient solvency for itself and its subsidiaries, unfavourable capital market conditions, the evolving interpretation of regulations and the rating agencies' criteria could adversely affect its activities, liquidity position, credit rating, consolidated net income and financial position.

4.1.2.4 Downgrading of ratings regarding ability to pay claims and our financial strength

Ratings of ability to pay claims and financial strength remain important although disputed factors in establishing the insurance companies' competitive position vis-à-vis each other. Rating agencies may revise them at any time.

In an environment of changing group strategic guidelines, Groupama decided to abandon one of its two financial rating agencies, Standard & Poor's, in December 2012; the financial strength rating of Groupama SA and its subsidiaries by the remaining agency, Fitch Ratings, was "BB+" with an evolving outlook at the end of 2012.

A downgrade could have an adverse impact on the Group, such as (i) harming our competitive position, (ii) negatively affecting our ability to underwrite new insurance policies, (iii) increasing the surrender or termination rates of existing insurance policies, (iv) increasing the cost of reinsurance, (v) negatively affecting our ability to obtain financing and/or increasing the cost of financing, (vi) triggering the need for additional guarantees under certain agreements, (vii) harming our relationships with creditors or trading counterparties and/or (viii) adversely affecting public confidence in a material way. Any of the above could have an adverse effect on the activities, liquidity position, consolidated net income, revenue and financial position of Groupama SA.

4.1.2.5 Losses due to defaults by financial institutions and third parties, impairment of investment assets and unrealised losses

Third parties that owe Groupama money, securities or other assets may not perform their obligations. These parties may be issuers whose securities the Group holds in its investment portfolios, public or private borrowers under mortgages and other loans extended, Groupama reinsurers, customers, trading counterparties, hedge counterparties, other third parties including intermediaries and brokers, commercial banks, hedge funds and other investment funds, clearing agents, market exchanges, clearing houses and other financial institutions.

Third-party default may also concern third parties with which Groupama has entered into service agreements as part of the outsourcing of activities and may expose the Group to operating, financial and reputation risks.

Similarly, default, and even the fear of default, on the part of major third parties external to Groupama may also disrupt the markets, increase their volatility, generate a chain of defaults or even lead to widespread illiquidity, which would affect the Group or could affect its partners.

The causes of default by third parties may include: bankruptcy, lack of liquidity, downturns in the economy or real estate market, worsening of the financial markets or operational failures.

The year 2011, marked by the complete loss of market liquidity of Greek securities and the Greek government's solvency crisis, thus led Groupama, like most players in banking and insurance, to decide in early 2012 in favour of the contribution of its securities to the securities swap scheme proposed by the IIF and the Greek government.

Although the Group, among other operations, disposed all of its remaining Greek debt and significantly withdrew from its Spanish bank debt as part of its operations to reduce securities risk during 2012, Groupama may need to recognise impairment on the value of its invested assets, given the current and potentially future persistent pressures on the financial markets and particularly on sovereign debt. Groupama cannot, under any circumstances, guarantee that such losses or impairments of the accounting value of these assets would not sharply and adversely affect its net income and financial position.

4.1.2.6 Impairment of goodwill, acceleration of the amortisation of Deferred Acquisition Costs (DAC) and Value of Business in Force and/or the derecognition of deferred tax assets and deferred profit sharing

Changes in business and market conditions may affect the amount of goodwill carried on Groupama's balance sheet, the pattern and pace of DAC and VIF amortisation and the valuation of deferred tax assets. The value of certain of the Group's acquisitions, particularly in the areas most affected by the recent economic and financial crisis, depends directly on the position of the financial markets and level of operating performance.

As at 31 December 2012, new impairment of goodwill was recorded in certain Eastern European countries and Greece.

In the future, the downturn in operating performance of the Group's acquisitions or in market conditions could result in a significant impairment of goodwill, accelerate the DAC and VIF or lead to the derecognition of deferred tax assets. These items could adversely and materially affect the Group's net income and financial position.

4.1.2.7 Fluctuations in interest rates and credit spreads

Periods of declining interest rates could have the following major effects on the Group:

- lower investment earnings because of the reinvestment of revenues or repayment of assets (scheduled or early as a result of lower rates) at levels below its portfolio's rate of return;
- reduced spread between interest rates credited to policyholders and the return on the investment portfolio.

Conversely, periods of rising interest rates could have the following major effects on the Group:

- increased surrenders of life insurance policies and fixed annuity contracts as policyholders choose to trade off their investments in favour of higher-yield savings products;
- loss of competitiveness, which could lead to a loss of market share for non-redeemable life insurance liabilities;
- the possible realisation of capital losses to meet commitments by liquidating fixed-term investments when the prices of these assets is unfavourable in order to obtain liquidity. The adverse effect of these capital losses on the return on assets would increase the spread between the rate of return paid to policyholders and the market rate of return.

Although the Group has taken measures to limit and control the adverse effects of fluctuations in interest rates to the extent possible, specifically via Asset/Liability Management that seeks to calibrate the duration of assets to those of liabilities and reduce the volatility of the differential between the actual yield of the asset and the rate expected and via the use of hedging instruments, Groupama's growth, level of assets, expenses, losses or financial revenues could, nonetheless, be materially affected, which would then significantly affect its net income and financial position.

Similarly, a widening of credit spreads could reduce the value of fixed-income securities held by the Group and increase net revenue from the purchase of new, fixed-income securities. Conversely, a tightening of credit spreads would increase the value of fixed-income securities held and would reduce net revenue from the Group's purchase of new fixed-income securities.

The current volatility of interest rates and credit spreads, individually or in conjunction with other factors, such as lack of pricing transparency, market illiquidity, falling equity prices and the strengthening or weakening of foreign currencies against the euro, could have a material adverse effect on the Group's net income and financial position and Groupama's cash flow through realised losses, impairments and changes in unrealised loss positions.

4.1.2.8 Fluctuations in exchange rates

Groupama publishes its consolidated and combined financial statements in euros. Nevertheless, Groupama is exposed to foreign exchange risk:

- firstly, through its operations and international development in regions outside the eurozone. In effect, although the Group does business primarily in eurozone countries, about 24% of its premium income at 31 December 2012 derived from the business of its international subsidiaries and about 8% was denominated in currencies other than the euro, including the Turkish lira, Romanian leu, Hungarian forint and the Bulgarian lev. The shareholders' equity of Groupama is therefore subject to fluctuations in exchange rates through the unrealised foreign exchange adjustment;
- secondly, through investment assets held by its subsidiaries in the eurozone, such as mutual funds or securities denominated in foreign currencies or euro-denominated mutual funds or securities tied to a foreign currency – mainly the U.S. dollar and the yen. Changes in the value of these currencies against the euro have an impact on the Group's net income and financial position.

Although Groupama seeks to control its exposure to currency fluctuations via hedging, movements in exchange rates may have a significant impact on its net income, solvency margin and financial position. Similarly, the currency hedges Groupama uses to manage foreign exchange risk may significantly affect its profits and the amounts available for the distribution of dividends by the subsidiaries, insofar as the unrealised foreign exchange gains or losses on these derivative instruments are recognised in Groupama's income statement.

4.1.2.9 A sustained increase in market interest rates

Inflation is an on-going risk that weighs on the markets on which Groupama operates. At the end of 2012, although average inflation slowed down slightly in relation to 2011, political uncertainty, particularly in the Middle East, and changes in food and energy prices were still evidence of short-term pressure on overall inflation of the countries in which Groupama does business.

An increase in inflation rates or the failure to accurately anticipate higher inflation could have multiple impacts on the Group, mainly through the following consequences:

- an increase in the market interest rate that could reduce the levels of unrealised capital gains on some fixed-income securities, reduce the attractiveness of some of the Group's life insurance and savings products, especially those with a fixed interest rate, and increase the cost of financing the Group's future borrowing;
- impairment of equity securities and sluggish performance by equity markets in general. Such a weakening of the equity markets could lead to lower levels of unrealised capital gains on securities held by the Group, reduce the performance and future sales of unit-linked products with underlying securities, and affect the competitiveness and the results of the Group's asset management company;
- a deterioration in non-life insurance activities over long periods, such as construction and third party liabilities ("long-tail risks"), including in particular an underestimation of provisions at the time the latter are created and an increase in the amounts ultimately paid to settle claims;
- a systematic under-pricing of products.

These factors, which are a direct result of an increase in the inflation rate, are likely to have a negative impact on Groupama's business, net income, solvency margin and financial position.

4.1.3 GROUPAMA'S INTERNAL RISK FACTORS

4.1.3.1 The dependency of Groupama SA, the holding company, on its subsidiaries for covering its expenses and payment of dividends

Although Groupama SA operates its own reinsurance business via the contractual mechanism of Internal Reinsurance, which binds the regional mutuals to Groupama SA, most of the Group's insurance and financial service operations are run by the direct and indirect subsidiaries of the Group holding company, Groupama SA. A significant share of Groupama SA's financial resources consists of dividends paid by these subsidiaries and funds that may be raised by issuing subordinated debt or bonds, or through bank borrowings.

Groupama expects that dividends received from its subsidiaries and other sources of funding will continue to cover the expenses it faces as a separate holding company of the Group, including interest payments on current financing arrangements.

Some Groupama subsidiaries are also holding companies (e.g., Groupama Banque, Groupama Investment Bosphorus) and are dependent on dividends from their own subsidiaries to honour their commitments.

Legal and regulatory restrictions may also limit the ability of Groupama SA to transfer funds freely either to or from all of its subsidiaries. Some insurance subsidiaries may also be subject to regulatory restrictions in respect of the amount of dividends and debt repayments that can be paid to Groupama SA and other entities of the Group.

In view of the above points, Groupama SA could receive a reduced (or no) dividend from some of its subsidiaries, or be required to provide significant funding to some of them through loans or capital injections, which could significantly impact its cash situation and its ability to distribute dividends.

4.1.3.2 Assessments by the Group and its senior management

(a) In the valuation of certain investments

For some of the Group's financial assets for which there is no active trading market or where observable values are reduced or unrepresentative, fair value is measured by valuation techniques using methodologies and models incorporating assumptions or assessments that involve a significant amount of judgement (see section 3.2.1 – Accounting principles and methods used in the valuation of financial assets, of the notes to the consolidated financial statements).

Groupama cannot guarantee that the estimated fair values based on such valuation techniques represent the price at which a security may ultimately be sold or for which it could be sold at any specific point in time. The resulting differences in value as well as changing credit and equity market conditions could have a significant negative impact on the net income and financial position of the Group.

(b) In the determination of reserves and impairment

The determination of the amount of reserves and impairment varies depending on the type of investment and is based on periodic assessment and estimates of known risks inherent to each asset class. These assessments and estimates are revised when conditions change or as new information becomes available. The Group's senior management, based on this information and according to the principles and objective methodologies detailed in the consolidated and combined financial statements (see section 3 – Accounting principles and valuation methods used, of the notes to the consolidated financial statements), analyses, evaluates and uses its best judgement to assess the causes of a decline in the estimated fair value of securities and the prospects for short-term recovery, as well as the appropriate amount of the resulting reserves for impairment.

Groupama cannot guarantee that its senior management has correctly estimated the amount of impairment and reserves recorded in the financial statements, or that the impairment or additional reserves will not have a negative impact on the net income and financial position of the Group.

4.1.3.3 A decline in the growth of the Group's insurance, asset management and banking business lines

The Group's financial position at the end of 2011 led to the implementation of a set of recovery measures including the disposal of a number of businesses, particularly the brokerage and transport insurance businesses in France as well as the Spanish and British insurance subsidiaries.

In addition, the growth experienced in recent years in the Group's insurance, asset management and banking business lines could come to a halt, or be lower than forecast, mainly as a result of difficult conditions in the financial and capital markets and changes in economic conditions in the sectors or countries in which Groupama does business. The development of the Group's life insurance, savings and pension products could also be negatively affected by changes in existing regulations, such as tax legislation.

The inability of the Group to capitalize on its innovative products, partnerships or new distribution methods, to deploy them within the Group and develop them according to its objectives, may adversely impact the growth of Groupama's business.

4.1.3.4 The diversity of the countries where Groupama operates

Groupama markets its products and services in Europe, Turkey, Africa and Asia through legal structures and various distribution channels such as majority- and minority-owned subsidiaries, partnerships, joint ventures, independent brokers, etc.

The diversity of the Group's international presence exposes it to different and sometimes rapidly changing economic, financial, regulatory, commercial, social and political environments, which may affect the demand for its products and services, the value of the investment portfolio or the solvency of its local commercial partners.

The successful implementation of the Group's overall strategy could be affected by the environment of certain countries where Groupama operates and have an adverse impact on its net income and financial position.

4.1.3.5 The inadequacy of hedging programmes for certain products

Groupama uses derivatives instruments, including equity and treasury futures contracts to hedge certain risks arising from guarantees given to policyholders.

However, in some cases Groupama may not be able to use these hedging techniques, the purpose of which is to limit the economic impact of adverse market trends, particularly in the capital and fixed-income markets, due to a lack of liquidity or the insufficient size of the relevant derivatives markets.

Moreover, numerical estimates and the assessments of Groupama's senior management in implementing these hedging programmes, such as those for mortality, surrender rates, election rates, interest rates, volatility and correlation among the markets, could be significantly different to initial expectations and assumptions, which may significantly impact its net income and financial position.

Similarly, measures taken by Groupama to optimise the products covered by this type of guarantee, improve their profitability and avoid future hedging losses, cannot constitute a guarantee, and could significantly impact Groupama's business, competitive position, net income and financial position.

4.1.3.6 Existence of contingent liabilities relating to discontinued, sold or liquidated operations and charges relating to other off-balance-sheet commitments

Groupama may occasionally retain insurance and reinsurance obligations and other contingent liabilities relating to the sale or liquidation of various activities, or be required to provide guarantees and enter into other off-balance sheet transactions. The Group's provisions for such obligations and liabilities may be inadequate, which could require it to recognise additional charges that could significantly impact its net income.

For more information, see Note 46 to the consolidated financial statements on commitments received and given.

4.1.3.7 Operational failures or inadequacies

The causes of operational failure or inadequacy inherent in the Group's business may be human, organisational, material, natural or environmental in nature and result from events or factors that are internal or external to the Group. The operational risk that this poses may manifest itself in various ways, including: failures or malfunctions of Groupama's information systems; business interruption of its vendors or of the financial intermediaries with which the Group works; error, fraud or misconduct by staff, policyholders or intermediaries; breach of internal or external regulations; or hacking or pirating of information systems.

Groupama takes extra care to ensure the maintenance, efficiency and modernisation of its information systems in order to integrate and respond to changes in technological, industrial and regulatory standards and customer preferences.

In the event of a breach or failure in quality, Groupama might be unable to obtain the information it needs to run its business or meet its customers' expectations, which could expose it to litigation or claims or increase its litigation and regulatory risks.

Although the Group strives to manage all of these operational risks as effectively as possible in order to reduce their potential impact, these risks could lead to financial loss, loss of liquidity, business disruption, regulatory sanctions or damage to Groupama's reputation.

4.1.4 RISK FACTORS RELATING TO THE DYNAMIC REGULATORY AND COMPETITIVE ENVIRONMENT

4.1.4.1 Heightened competition

Groupama operates in a market challenged by various players (insurance companies, mutual funds, protection institutions, commercial and investment banks, investment funds, asset management funds, private equity funds, etc.), which may be subject to different regulations, have multiple distribution channels and offer alternative products or more competitive rates than those of the Group.

Under this competitive pressure, Groupama may need to adjust its pricing on some of these products and services, which could adversely impact its ability to maintain or improve profitability and negatively impact its net income and financial position.

4.1.4.2 Regulatory changes and reform at the local, European and international level

The Group's business is subject to detailed and comprehensive regulation and supervision in the countries where it operates in respect of shareholders' net equity and reserve levels, solvency standards, distribution practices, concentrations and type of investments, rules for consumer protection and customer knowledge, rates of revaluation of life insurance products, and more.

This regulation and supervision have been strengthened in the context of the financial crisis, both in Europe and internationally. A set of measures to reform the European System of Financial Supervision (ESFS) has been put into place, especially since late 2010. As a result, organisations such as the European Systemic Risk Board (ESRB) and the European Insurance and Occupational Pensions Authority (EIOPA) may issue guidelines and recommendations that could affect the Group. There are also recommendations and proposals issued or issuable by the Financial Stability Board (FSB) to amend the regulation of financial groups in terms of capital, solvency, corporate governance and executive compensation in the sectors.

Changes in regulations that aim to strengthen the protection of policyholders and confer broad powers of regulation on the regulatory authorities could significantly affect the business, net income and financial position of the Group, as well as the products it offers and its ability to sell them.

The Solvency II regulation, possibly becoming fully applicable from 1 January 2016 with gradual implementation beginning in 2014, will significantly alter the regulatory constraints on insurance companies, notably in respect of their prudential net equity requirements. In this respect, the current regulatory environment remains highly dynamic, with the Omnibus II draft directive introducing transitional measures and with consultations and pre-consultations still underway on level 2 and level 3 measures. Given the current uncertainties, the ultimate impact of these changes is still difficult to assess, but is likely to have a significant impact on Groupama's financial and prudential position.

Finally, the rapidly changing regulatory environment and the firmness shown by the regulatory authorities in the interpretation and application of current regulations also require that Groupama be especially vigilant in respect of compliance. Despite the measures implemented to comply with existing regulations, Groupama could, through its activities as an insurer, Asset Manager, banker, securities issuer, investor, employer and taxpayer, be subject to regulatory investigations, sometimes accompanied by civil actions. Such investigations or proceedings, the potential impact of which is difficult to estimate, could significantly affect the business, reputation, net income and financial position of the Group.

4.1.4.3 Changes to tax legislation and regulations at the local, European or international level

Changes to the tax laws of countries where Groupama operates may have adverse consequences either on some group products and reduce their attractiveness, especially those that currently receive favourable tax treatment, or on the Group's tax expense. Examples of such changes include the taxation of life insurance policies or annuities contracts, changes in the tax status of some insurance or asset management products and tax incentives or disincentives to investing in some asset classes or product categories.

In this regard, any change in the life insurance tax scheme in France, announced as part of the parliamentary commission on long-term savings, could have significant impacts and naturally receives particular attention from Groupama, like all market players.

In addition, still in France, the latest finance laws have generally put large companies at a disadvantage, particularly by further reducing their capacity to use their tax losses quickly (limit lowered to 50% of earnings for the fiscal year instead of 60%) and by extending the "extraordinary" supplementary corporate tax of 5% until 2015 (instead of 2013).

Lastly, internationally, in Hungary, the banking tax, initially applicable only in 2010 then extended to fiscal years 2011 and 2012 with a significant impact on the subsidiary's earnings, was extended again.

These factors are likely to have an adverse impact on the business, cash position and net income of Groupama.

Furthermore, these changes in tax laws and regulations as well as operating performances that are below anticipated levels or poorly timed may lead to a significant impairment of deferred tax assets, which could require the Group to write down certain tax assets or call their use into question. This could have a significant adverse effect on Groupama's net income and financial position.

4.1.4.4 Potential changes to International Financial Reporting Standards

Groupama's consolidated and combined financial statements were prepared in accordance with the International Financial Reporting Standards and IFRIC interpretations in final form and came into force on 31 December 2012, as adopted by the European Union. Projects to change the standards are underway at the IASB (the international accounting regulator); some of these projects could have a significant impact on the financial statements of insurance groups and other financial institutions. The proposed changes would concern the recognition of the Group's assets and liabilities as well the income and expenses in the income statement. They could be implemented starting in 2015 or 2016, depending on the standard concerned. Major changes that could impact insurance groups particularly include:

- IFRS 4 (Phase II) on the recognition of insurance policies;
- IFRS 9 on financial instruments, replacing IAS 39;
- a draft standard on revenue recognition.

4.1.4.5 Diversity of legal systems in the countries where the Group operates

In recent years, Groupama has expanded internationally into countries where judicial and dispute resolution systems may have a different level of maturity to those of France or the countries of northern and southern Europe. As such, Groupama could find it difficult to take legal action or to enforce judgements in its favour. In such cases, the possible legal ramifications could adversely impact the Group's activities and net income.

4.2 QUANTITATIVE AND QUALITATIVE APPENDICES RELATED TO MARKET RISKS AND RISK FACTORS

This section corresponds to Note 47 of the notes to the consolidated financial statements for fiscal year 2012, audited by the statutory auditors.

As a multi-line insurer, Groupama is subject to various types of insurance risks with variable time horizons. The Group is also exposed to market risks because of its financial investment activities, particularly credit risks and the risks related to interest rates, equity markets and foreign exchange. Liquidity and reinsurer insolvency risks are also specifically monitored by the Group. In addition, the Group is subject to operational, regulatory, legal and tax risks as are all companies in other business sectors.

4.2.1 ORGANISATION OF RISK MANAGEMENT WITHIN THE GROUP

The general principles, the objectives and the organisation of 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. The Group's structures for implementing the general internal control system using a shared method are based on these charters, taken together.

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

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

At the Group level, risks related to the insurance business lines are monitored especially by the Groupama SA Business Departments specialising in the area in question; reinsurance risks are managed by the Reinsurance Department. The Finance Department is responsible for managing the risks related to assets and Asset/Liability Management. Operational risks are monitored by the Groupama SA Business, Operational or Support Departments specialising in the area in question.

Operationally, the internal control system of the entities and G.I.E Groupama Supports et Services is organised around three complementary systems:

- internal control of every entity;
- internal or operational auditing of every entity;
- the Group Internal Control and General Audit Department answerable to the Executive Management of Groupama SA, which directs and coordinates the Risk and Audit specialists within the Group.

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

- the Risk Committees by risk family (insurance, financial and operational) organised by the Group Internal Control Risk Management Department and made up of major risk owners and according to the affected areas of the representatives of the Group Actuarial Department, Group Steering and Results Department, France Subsidiaries/International Subsidiaries Department and banking and Asset Management subsidiaries;
- and the Group Risk Committee. Its membership is the same as that of the Groupama SA Steering Committee. Similar systems are in place at entity level.

4.2.1.1 Regional mutuals

The regional mutuals as autonomous legal entities implement their own internal control measures and manage their risks in compliance with the Group's standards. Thus, in terms of organisation and governance, the establishment of specific Risk Management Committees and the structuring of the key functions of Solvency II are made on the basis of "type" charters of risk governance bodies, as well as mission descriptions and calibration of key functions, validated by the governing bodies of the Group. The internal control and audit systems are adapted to each regional mutual based on its organisation, its activities and its resources, under the authority of the Executive Management. The Group Internal Control & Risk Management Department supports the regional mutuals in monitoring and rolling out group standards.

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

Reinsurance of the regional mutuals is provided by Groupama SA in accordance with the conditions defined in the reinsurance agreement. For the risks related to the distribution of banking products and life insurance, the regional mutuals apply the risk management procedures defined by Groupama Banque and Groupama Gan Vie.

4.2.1.2 Groupama SA and its subsidiaries

Subsidiary risk is subject to triple monitoring:

- inter-company monitoring by the Groupama SA Business, Functional or Support Departments specialising in the area in question, as indicated above;
- on-going monitoring by the services of the division to which it is attached:
  - Group Finance Department for financial subsidiaries;
  - Insurance, Banking and Services Department for the service subsidiaries and Groupama Banque;
  - French Subsidiaries Department for French insurance subsidiaries;
  - International Subsidiaries Department for foreign subsidiaries;
- monitoring by each subsidiary or Groupama SA inter-company venture as part of the responsibility of its officers and in accordance with group standards. Following the example of the regional mutuals, the Group Internal Control & Risk Management Department supports Groupama SA and its subsidiaries in monitoring and rolling out the internal control procedure.

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

The primary mission of the Board of Directors of Groupama SA, and more particularly of the Audit and Risks Committee, of which Independent Directors make up one half, is to review the consistency of the internal control procedures, to monitor risks, ensure ethical compliance, review internal audit work, and prepare the annual report on internal control. Since 27 April 2011, the missions of the Audit Committee have been expanded to monitor risk management policy, procedures and systems. On this occasion, the committee changed its name to the Audit and Risk Committee. At the end of 2011, the authorisation thresholds on investment assets beyond which investment operations must obtain prior authorisation from the Groupama SA Board of Directors were revised. Similarly, successive semi-annual presentations to the Audit and Risk Management Committee then to the Board of the financial investment management assessment for the past period as well as financial investment policy guidelines for the coming half-year period have been established.

4.2.1.3 Group

The Group General Audit Department conducts a general economic and financial audit of the main entities of the Group on a three-year basis, in addition to the operational audits conducted within the entities. The audit plan of the Group General Audit Department is planned and decided by the Executive Management of Groupama SA. It is approved by the Audit and Risk Management Committee of Groupama SA and the Board of Directors of Groupama SA. Every mission involves a review of the risk and internal control system for the activity or entity audited; a report is prepared on the engagement presenting the observations, conclusions and recommendations to the Executive Management of Groupama SA. A regular summary is presented to the Audit and Risk Committee. An update on the progress of the implementation of the recommendations is communicated on a quarterly basis to the Groupama SA Executive Management and the Managers of the various scopes concerned (France, International, Finance) of Groupama as well as the Audit and Risk Committee of Groupama SA.

The purpose of the Group Internal Control and Risk Management, whose function is to ensure that all group entities comply with the requirements of Executive Management in terms of the internal control procedure and risk management, as well as those of Solvency II, Pillar 2, has the following principal missions:

- the promotion of the culture of internal control and risk management, particularly in terms of moderating procedures via the organisation of the Group risk governance system, the coordination, facilitation and organisation of information exchanges on group risk management (working groups, theme-based workshops and training) or communication polices with the executive management of the entities;
- field support for the internal control teams in implementing and rolling out group standards;
- management of projects to strengthen internal control and monitoring of major group risks;
- definition and implementation of a framework of risk tolerance;
- development of benchmarks and methodology tools on behalf of all group entities;
- coordination of the Group's compliance measures;
- advice and assistance for the Group's companies particularly in the operational implementation of new regulatory texts, ACP recommendations or even changes in existing texts, in coordination with the Group's experts where appropriate;
- internal control and risk management reporting to the executive and deliberative bodies as well as the regulator.

Each group entity has a Risk Management and Internal Control Department.

In addition, the Group Management Control Department is responsible for the ongoing monitoring of results and achievement of the Group's objectives based on a process of estimated management common to all entities.

This monitoring system also involves business reviews of subsidiaries conducted by the Executive Management of Groupama SA with biannual business reviews. These reviews include a specific "risk" section that presents, by entity, the level of deployment of the internal control system and the principal work in progress in terms of risk management.

4.2.2 INSURANCE RISKS

4.2.2.1 Prudential oversight

Pursuant to European Directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined group.

4.2.2.2 Objectives for managing risks resulting from insurance policies and methods to limit these risks

The Group's insurance business exposes it to risks primarily related to product design, underwriting, claims management, valuation of reserves, and reinsurance.

(a) Product design

Most of Groupama's activities are subject to strong and increasing competition from other insurance companies, bancassurance companies, and mutual insurance companies. This fierce competition places great pressure on the price of certain Groupama products and services and therefore on its earnings. The Insurance Divisions of Groupama SA ensure that the product line is adapted to the Group's strategy. Life and non-life insurance products are designed by the business units of Groupama SA on behalf of the Group's companies. This design is the result of market and profitability studies performed with actuarial tools to control margins in collaboration with the Actuarial Department of the Group. The Group Actuarial Department oversees validation of the profitability of new products. Prior to each product launch, a standard profitability study, including a risk analysis and sensitivity study, must be sent to the DAG. After analysis, the Group Actuarial Department issues an approval note with a favourable or unfavourable opinion. The work performed by the specialist insurance teams includes the drafting of the general terms and conditions, the exclusion clauses for the products, underwriting conditions and rates. The regional mutuals and subsidiaries of Groupama SA are then responsible for marketing and managing the products. The Group Internal Control and Risk Management Department and the Group Legal Department are consulted throughout the early stages of product launch.

(b) 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.

(c) 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 evaluated by the claims Managers within the operational entities and, if necessary, are supplemented by reserves for losses that have occurred but have not yet been declared.

The calculation of 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". In France, the terms of this rate are set by the Insurance Code, which determines a maximum level by reference to the average rate for government borrowings (the TME), which is used to set rates for policies and calculate the insurer's commitments to policyholders. The terms and conditions vary based on the type of policy and the duration of the commitments.

The 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 no rate commitments

As at 31 December 2012, the breakdown of technical reserves based on fixed-rate, variable rate (i.e., tied to a market rate) or no rate commitments was as follows:

	31.12.2012			31.12.2011
(in millions of euros)	France	International	Total	Total
Commitments guaranteed at fixed rate	43,136	2,679	45,815	46,796
Commitments guaranteed at variable rate	6,465	24	6,489	6,441
Unit-linked and other products without rate commitment	4,370	745	5,115	4,707
TOTAL	**53,971**	**3,448**	**57,419**	**57,944**

11.3% of the portfolio is considered variable rate. This variable rate is generally a function of an index based on the T.M.E.

(d) Reinsurance

Reinsurance is organised on two levels. The Internal Reinsurance performed by Groupama SA for all group entities is designed to optimise retentions for each entity. The external reinsurance defines the optimum reinsurance structure for the Group and the level of risk coverage on the bases of computer models. External reinsurance contracts are renegotiated and renewed each year by Groupama SA on behalf of the entire group. Moreover, selection rules defined in the Security and Reinsurance Committee, which is composed of the external outward Reinsurance Division of Groupama SA and the Group Internal Control and Risk Management Department and several of its subsidiaries, which are based on the ratings from ratings agencies, are designed to control the default risk of reinsurers.

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

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

4.2.2.3 Terms and conditions of the insurance policies which have a material impact on the amount, maturities, and uncertainty of the insurer’s future cash flows

(a) General description

The Group offers a broad range of non-life insurance products designed for individuals, institutions and businesses. The motor, individual, professional and agricultural property damage policies offered by the Group are generally one-year contracts with tacit renewal, which include third-party liability coverage.

The Group offers a full line of life insurance products: this offer is packaged for individuals in the form of individual policies and for businesses in the form of Group contracts.

The main individual insurance contracts in euros offered to our clients are savings policies, term life policies, mixed insurance contracts, deferred annuity policies with mandatory withdrawal in annuities, and deferred capital contracts with return of premiums.

The Group contracts offered by the Group are essentially defined contribution pension plans and pension contracts by collective capitalisation in points with guaranteed point value.

The Group also sells multi-component policies with one investment component in euros and one or more components in units of account.

(b) Specific features of certain non-life insurance policies

As with other insurers, the results and financial position of Groupama may be affected quite significantly by the unanticipated and random occurrence of natural or man-made disasters, such as floods, drought, landslides, storms, earthquakes, 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 offer, the amounts that may be covered and the cost of coverage depend on market conditions and are likely to vary significantly.

Other factors in risk growth may be mentioned:

- ageing of the population (health, long-term care);
- increased pollution;
- strengthened legal structure (liability – compensation for bodily injury, etc.).

(c) Specific features of certain life insurance policies and financial contracts

Discretionary profit-sharing clause

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

Early redemption options

Most of the savings and retirement products may be surrendered by the policyholders at a value defined by the policy before maturity. Large redemptions may have significant impact on the results or the solvency in certain unfavourable environments.

Specific features of unit-linked policies

Most unit-linked policies sold by Groupama do not generally provide for contractual performance. Under these conditions, the policyholder alone directly assumes responsibility for the investment risk. Certain policies may provide for a minimum redemption guarantee in the event of the death of the policyholder.

(d) Mortality and longevity risks

In life insurance, the payment of benefits depends on the death or the survival of the policyholder. It is the occurrence of one or 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, provisions are calculated using the regulatory tables based on statistics of population change. These tables are regularly revised to take demographic changes into account. The results or equity are potentially exposed to risk if demographic change deviates from experience with regard to these funding tables.

As at 31 December 2012, the amount of the actuarial reserves for annuities was €10,484 million, compared to €7,987 million at 31 December 2011, an increase of 31.3%. This change is mainly explained by the incorporation in 2012 of actuarial reserves being established.

	31.12.2012			31.12.2011
(in millions of euros)	France	International	Total	Total
Life annuity actuarial reserves	8,638	11	8,649	6,197
Non-life annuity actuarial reserves	1,811	24	1,835	1,790
TOTAL	**10,449**	**35**	**10,484**	**7,987**

4.2.2.4 Information on concentrations of insurance risk

The Group is potentially facing a concentration of risks that will accumulate.

There are two types of overlapping risks:

- the risk of underwriting overlaps in which the insurance policies are underwritten by one or more of the Group's entities for the same risk;
- the risk of claim overlaps in which the insurance policies are underwritten by one or more entities of the Group on different risks, which may be affected by claims resulting from the same loss event, or the same initial cause.

(a) Identification

Overlapping risks can be identified at the time of underwriting or during ongoing management of the portfolio.

A major role in the process of identifying overlaps during underwriting is assumed by the Group, through risk inspections, verification of the absence of overlapping co-insurance or inter-network insurance lines, identification of overlapping commitments by site.

In addition, the underwriting procedures for certain risk categories help to control overlapping risks at the time of underwriting. The procedures applicable to property damage underwriting include:

- the verification of overlapping geographical risks at the time of underwriting for major risks (agricultural risks, agri-business risks, industrial risks, municipalities);
- initial elimination during the underwriting process of cases of inter-network co-insurance overlapping risks. These directives are defined in internal procedural guidelines.

The procedures in force for managing overlapping portfolio risks cover:

- identification of the inter-network co-insurance overlapping risks;
- inventories of commitments by site for agri-business risks; in addition, high-risk business sectors for which the Group insures the property damage and/or third-party liability risks are specifically monitored by the relevant specialist Insurance Division;
- statements of commitments for risks of storms, hail, greenhouses, frost and commercial forestry, which are used to calculate the exposure of these portfolios to storm risk.

(b) Protection

Reinsurance coverage will first be adapted to the total amount of the potential loss and, secondly, 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 to losses that have already occurred. Once these amounts have been defined, they are increased by a safety margin. Moreover, specific monitoring is performed to track the adequacy of the coverage with the risks underwritten.

In the case of a natural event, a needs analysis consists of an initial study on the basis of the reference loss, which is re-evaluated on the basis of the change in the portfolio and the French construction federation (FFB) index. At the same time, simulation calculations of the exposure of the portfolios are performed using stochastic methods that result in the production of a curve showing the change in the potential maximum loss as a function of different scenarios. The results are cross-checked, analysed and discounted every year to allow the Group to opt for appropriate reinsurance solutions with a reduced margin of error.

4.2.3 MARKET RISKS

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.

4.2.3.1 Interest rate risk

(a) Type of and exposure to interest rate risk

During a period of interest rate volatility, the Group's financial margins might be affected. Specifically, a drop in interest rates would have a negative effect on the profitability of the investments. As such, during a period of low interest rates, the financial performance of the Group might be affected.

Conversely, in the event of an increase in rates, the Group may have to face a rush of redemptions for these policies, which would lead to the sale of a portion of the bond portfolio under unfavourable market conditions.

The consequences of changes in interest rates would also affect the Group's solvency margin, which is calculated based on financial performance realised during the year as well as on the volume of unrealised capital gains on the financial instruments.

(b) Group risk management

Several years ago, the Group implemented systematic studies on the exposure of the Group's subsidiaries to market risks.

Asset/Liability Management

Asset/liability simulations allow an analysis of the behaviour of the liabilities in different financial environments, particularly the ability to meet the remuneration requirements for the policyholder.

These simulations allow the Group to develop strategies designed to reduce the impact of contingencies on the financial markets on both the results and on the balance sheets.

Interactions with the redemption risk and profit-sharing clauses

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

However, in addition to the fact that liabilities that can be redeemed do not represent all commitments, the sensitivity of redemptions to changes in interest rates can vary depending on the product and policyholders' expectations. The objective of Asset/Liabilities Management is to reduce the volatility of redemption rates, using strategies that take into account the various reserves available and bond management strategies coupled with hedging products. These are used to adjust the yield profile for the assets in the different potential interest rate environments in order to ensure policyholder satisfaction.

Interest rate risk relating to the existence of guaranteed rates

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

Rate hedges

RISK OF RATE INCREASE

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

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

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

Interest rate swap: the strategy may also consist of transforming a fixed-rate bond into a variable rate, either on a security held or new investments. Their objective is to limit the capital loss recognised because of an increase in interest rates in case of partial liquidation of the bond portfolio for the payment of benefits.

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

Hedging programmes were gradually implemented on behalf of the life insurance companies as from 2005. In accordance with the approval from the Boards of Directors, the swap programme was supplemented in 2012 and partially extended over the non-life portion with a tactical management objective. They do not meet the definition of hedge accounting according to IFRS.

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

(c) Sensitivity to interest rate risk analysis

Pursuant to IFRS 7, an analysis of accounting sensitivity was carried out at 31 December 2012 with a comparative period.

This analysis applies to year-end balance-sheet postings that show accounting sensitivity to interest rate risk (technical non-life and life liabilities, bond investments, financial debt in the form of bonds). It is not similar to analyses applying to embedded-value type prospective data.

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

Sensitivity of technical insurance liabilities analysis

NON-LIFE INSURANCE

Regarding non-life technical liabilities, risk mapping allows the sensitivity of portfolios showing interest rate changes to be analysed, *i.e.*, portfolios of current annuities and temporary payments (individual life and health insurance, and third-party liability insurance premiums). With the exception of increasing annuities and risk reserves for long-term care risk, as non-life insurance technical reserves are not discounted on the consolidated financial statements, these amounts are therefore not sensitive to changes in interest rates.

As at 31 December 2012, the amount of the discount in the actuarial reserves for non-life annuities, before reinsurance, was €449 million. The amount of the discount in the reserve for increasing risks on long-term care, before reinsurance, was in the order of €188 million.

The result of the sensitivity to interest rates analyses shows that the Group is not particularly sensitive with regard to all its non-life commitments. The impact of a change of +/-100 basis points, calculated net of tax, is shown in the following table:

	31.12.2012		31.12.2011	
	Interest rate		Interest rate	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on earnings (net of taxes)	50	(43)	65	(47)
Shareholders' equity impact (excluding earnings)				

LIFE INSURANCE AND FINANCIAL CONTRACTS

This analysis was limited to life commitments with accounts sensitive to changes in interest rates. In France, the restated rates used fall within a range of 2% to 4.50% for most of the actuarial reserves.

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

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

	31.12.2012		31.12.2011	
	Interest rate		Interest rate	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on earnings (net of taxes)	71	(322)	254	(453)
Shareholders' equity impact (excluding earnings)				

Sensitivity of financial investments analysis

The following table shows the impacts on income and on the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of a change up or down of 100 basis points (+/-1%) in interest rates.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the securities;
- the current tax rate.

The tests are conducted based on profit-sharing rates derived from historical observations.

In fiscal year 2012, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 70.93% to 86.46%.

	31.12.2012		31.12.2011	
	Interest rate risk		Interest rate risk	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on revaluation reserve	**(480)**	**535**	**(619)**	**692**
Equities				
Equity UCITS				
Bonds	(468)	522	(615)	687
Rate mutual funds	(12)	13	(4)	5
Derivative instruments and embedded derivatives				
Impact on net income	**20**	**(17)**	**0**	**0**
Equities				
Equity UCITS				
Bonds	(1)	1	(1)	1
Rate mutual funds	(12)	14	(21)	22
Derivative instruments and embedded derivatives	33	(32)	22	(23)

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

Financial debt sensitivity analysis

Financial 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 super-subordinated securities (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 – Financial Debt.

The following table shows the net impacts taken into account of a regulatory tax rate of 34.43%.

		31.12.2012		31.12.2011	
		Interest rate		Interest rate	
(in millions of euros)		+1%	-1%	+1%	-1%
Impact on income	Fixed portion	-	-	-	-
	Variable portion	-	-	-	-
Impact on shareholders' equity	Fixed portion	-	-	-	-
	Variable portion	-	-	-	-

Group financial debt is exclusively fixed rate. This balance sheet item is therefore not sensitive to potential changes in interest rates.

4.2.3.2 Risk of variation in the price of equity instruments (stocks)

(a) Type of and exposure to equity risk

Exposure to equity markets allows the companies to capture the yield on these markets but also exposes them to two major types of risks:

- accounting reserving risk (reserve for permanent impairment, reserve for contingent payment risks, reserves for financial contingencies);
- the commercial risk brought about by the reserving risk insofar as policy holder compensation could be impacted by the aforementioned reserving.

The weight of equity instruments out of total financial investments (including operating activities property) was 7.1% in market value, most of which was classified as "assets available-for-sale". Equity instruments include:

- equities in French and foreign companies listed for trading on regulated markets and managed under management mandates. They may be held directly or within mutual funds (FCP and SICAV);
- equities in French and foreign companies listed for trading on regulated markets and managed outside management mandates;
- equities in French and foreign companies that are not listed. They may be held directly or in the form of a venture capital fund (FCPR).

(b) Group risk management

The equity risk sensitivity reduction, begun at the end of 2011, was continued in 2012. More than €2 billion in equities were thus disposed of in 2012. The equity hedge established at the end of 2011 in the Group's main equity mutual funds – Washington Actions Euro – was renewed in 2012, still in the form of a Eurostoxx 50 collar for a notional amount of €1,089 million, *i.e.*, all of this mutual fund's equity exposure.

This management, approved as part of group governance, was implemented by the Finance Department and the management company of the Group.

With the exception of strategic securities, equities are managed quasi-exclusively through mutual funds managed by Groupama Asset Management. Most of these funds are dedicated to the exclusive management of the Group's equities. This management adheres to the following liquidity and distribution requirements:

- 3% of the Company's capital;
- 10% of the Company's float;
- a security must not represent more than 5% of the equity portfolio.

(c) Sensitivity of financial investments to equity risk analysis

The following table shows the impacts on income and the revaluation reserve (classified under shareholders' equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in stock market prices and indices.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the securities;
- the current tax rate.

The tests are conducted based on profit-sharing rates derived from historical observations.

In fiscal year 2012, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 70.93% to 86.46%.

	31.12.2012		31.12.2011	
	Equities risk		Equities risk	
(in millions of euros)	+10%	-10%	+10%	-10%
Impact on revaluation reserve	**104**	**(104)**	**162**	**(161)**
Equities	70	(70)	108	(107)
Equity UCITS	34	(34)	54	(54)
Bonds				
Rate mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**20**	**(20)**	**49**	**(49)**
Equities				
Equity UCITS	20	(20)	49	(49)
Bonds				
Rate mutual funds				
Derivative instruments and embedded derivatives				

4.2.3.3 Foreign exchange risk

(a) Exposure to foreign exchange risk

Exposure to foreign exchange risk for subsidiaries in the eurozone corresponds primarily to their assets, subject to exchange rate fluctuations of mutual funds or securities denominated in foreign currencies and mutual funds denominated in euros applying to foreign-currency securities. In practice, the portfolios are exposed primarily to foreign exchange risks corresponding to the euro rate against the dollar, the yen, the Hungarian forint, the Romanian leu, the pound sterling and the Turkish pound.

Investments made by Groupama, within the context of its strategy of acquiring international subsidiaries, exposes it to the net accounting position of entities with a different functional currency from the euro. To date, this includes the pound sterling, the Turkish pound, the Hungarian forint, the Romanian leu and the Tunisian dinar. These impacts are posted in shareholders' equity, under translation adjustment.

(b) Managing foreign exchange risk

Foreign exchange risk is currently hedged through forward sales of dollars, yen and Hungarian forint. The documentation is updated each time the financial statements are closed. These instruments do not correspond to the accounting notion of hedging as defined by IFRS.

(c) Analysis of exchange rate sensitivity

The following table shows the impacts on income and the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in all currencies against the euro.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the securities;
- the regulatory tax rate of 34.43%.

The tests are conducted based on profit-sharing rates derived from historical observations.

In fiscal year 2012, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 70.93% to 86.46%.

	31.12.2012		31.12.2011	
	Foreign exchange risk		Foreign exchange risk	
(in millions of euros)	+10%	-10%	+10%	-10%
Impact on revaluation reserve	**33**	**(33)**	**81**	**(81)**
Equities	8	(8)	10	(10)
Bonds	25	(25)	70	(70)
UCITS			1	(1)
Derivative instruments and embedded derivatives				
Impact on net income	**1**	**(1)**	**2**	**(2)**
Equities				
Bonds	1	(1)	1	(1)
UCITS			1	(1)
Derivative instruments and embedded derivatives				

Hedging effects within the consolidated mutual funds are not taken into account when calculating sensitivity. Consequently, the numbers listed above represent maximum risk and the actual impact reported in the Group's financial statements is considerably lower.

4.2.3.4 Credit risk

The breakdown of the Group bond portfolio by rating and by issuer quality is presented in Notes 6.10.3 and 6.10.4 of the annual financial statements.

(a) Concentration of credit risk on corporate bonds

A maximum holding percentage per rating of private issuers has been implemented under the management mandates of the Groupama SA subsidiaries. These constraints are monitored monthly by the Investment Committees.

The ratios defined for bonds held are calculated on the market value of the total bond assets of each company (or isolated assets) based on the official rating issued by at least two rating agencies:

- investment grade environment (securities with at least BBB ratings):
  - AAA: regulatory ratios, which are 5% per issuer, with the exception of the securities written or guaranteed by a Member State of the OECD and CADES securities;
  - AA: 3% maximum per issuer;
  - A: 1% maximum per issuer;
  - BBB: 0.5% maximum per issuer;
  - total BBB issuers may not exceed 10% of the market value of the bond envelope;
- unrated eurozone environment:
  - 0.5% maximum per issuer, with the exception of securities guaranteed by a Member State of the OECD; in this case the prudential ratio of that State applies,
  - the total of unrated issuers (NN) may not exceed 10% of the market value of the bond envelope;
- non-investment grade environment (high yield):
  - no direct holding in the portfolios is authorised for non-investment grade securities referred to as "high-yield".

(b) Concentration of risk on sovereign bonds of the GIIPS countries

The Group's gross exposure to sovereign debt of the GIIPS countries (Greece, Italy, Spain, Portugal) amounted to €10,888 million as at 31 December 2012, representing 23% of the interest-bearing product portfolio.

(c) Managing counterparty risk

Any over-the-counter contract is systematically covered by guarantee contracts with the banking counterparties in question.

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

4.2.3.5 Summary of sensitivity to market risks analyses

The following table shows all the sensitivity to market risk analyses for fiscal years 2012 and 2011, broken down by shareholders' equity and income, excluding profit sharing and taxes.

(in millions of euros)	31.12.2012 Up fluctuation in sensitivity criteria Shareholders' equity	Income (loss)	Down fluctuation in sensitivity criteria Shareholders' equity	Income (loss)	31.12.2011 Up fluctuation in sensitivity criteria Shareholders' equity	Income (loss)	Down fluctuation in sensitivity criteria Shareholders' equity	Income (loss)
Interest rate risk	**(480)**	**141**	**535**	**(382)**	**(619)**	**319**	**692**	**(500)**
Technical liabilities		121		(365)		319		(500)
Financial investments	(480)	20	535	(17)	(619)		692	
Financing debts								
Equities risk	**104**	**20**	**(104)**	**(20)**	**162**	**49**	**(161)**	**(49)**
Financial investments	104	20	(104)	(20)	162	49	(161)	(49)
Foreign exchange risk	**33**	**1**	**(33)**	**(1)**	**81**	**2**	**(81)**	**(2)**
Financial investments	33	1	(33)	(1)	81	2	(81)	(2)

We note that the sensitivity criteria applied were the following:

- up or down fluctuation of 100 basis points, for interest rate risk;
- up or down fluctuation of 10% in the stock market indices, for stock risk; and
- up or down fluctuation of 10% in all currencies against the euro, for exchange rate risk.

4.2.4 LIQUIDITY RISK

4.2.4.1 Nature of exposure to liquidity risk

The overall liquidity risk is analysed using the asset/liability approach, which defines the cash requirement to be held as an asset based on the liquidity requirements imposed by liabilities, using:

- technical cash flow projections in a central scenario;
- sensitivity scenarios on technical assumptions (production, claims ratio).

4.2.4.2 Risk management

Stress tests are regularly conducted on both assets and liabilities in order to ensure that in the event of a simultaneous increase in benefits payable and interest rates, the Group is able to meet its commitments in terms of both assets to dispose of and any realisations of capital losses.

At the end of 2012, the liquidity risk was greatly reduced by the available cash and the mandatory unrealised capital gains present in the portfolio.

4.2.4.3 Financial investment portfolio by maturity

The profile of the annual maturities of the bond portfolios is listed in Note 6.10.2 of the consolidated financial statements in this registration document.

4.2.4.4 Liabilities related to insurance policies and liabilities related to financial contracts by maturity

The profile of annual maturities of the liabilities related to insurance policies is the following:

(in millions of euros)	31.12.2012 < 1 year	1 to 5 years	> 5 years	Total	31.12.2011 < 1 year	1 to 5 years	> 5 years	Total
Non-life technical reserves	4,587	2,977	3,754	11,317	6,350	4,297	3,696	14,342
Life technical reserves – insurance contracts excluding unit-linked items	2,853	5,334	23,724	31,911	3,595	6,123	22,327	32,045
Technical liabilities relating to financial contracts with discretionary profit-sharing excluding unit-linked items	1,564	3,730	15,634	20,929	1,420	4,169	16,442	22,031
Technical liabilities relating to financial contracts without discretionary profit-sharing excluding unit-linked items	7			7	7			7
Reserve for deferred profit-sharing liability	42		162	204	1			1
TOTAL LIABILITIES RELATED TO INSURANCE POLICIES AND LIABILITIES RELATED TO FINANCIAL CONTRACTS	**9,053**	**12,041**	**43,274**	**64,368**	**11,372**	**14,589**	**42,464**	**68,425**

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.

4.2.4.5 Financial debt by maturity

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

4.2.5 REINSURER DEFAULT RISK

Outward reinsurance consists of transferring to the reinsurer a portion of the risks accepted by the ceding company. They are regularly reviewed to monitor and limit the credit risk on third-party reinsurers. The Group Security Committee examines and approves the list of reinsurers accepted for all external outward reinsurance.

This list is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment. For any given reinsurance placement, any reinsurer approached for an outward reinsurance outside Groupama must first be on the list of the Group Security Committee.

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

Transferred insurance technical reserves and recoverables are shown below, by rating, according to the three rating agencies (Standard & Poor's, Fitch Ratings, Moody's).

	31.12.2012						
(in millions of euros)	**AAA**	**AA**	**A**	**BBB**	**< BBB**	**Not rated**	**Total**
Share of reinsurers in non-life insurance reserves		796	211	1	4	627	1,639
Share of reinsurers in life insurance reserves		9	9			30	48
Reinsurer share in provisions of financial contracts with a discretionary profit-sharing clause							
Reinsurer share in provisions of financial contracts without a discretionary profit-sharing clause							
Receivables arising from outward reinsurance	19	4	7		1	245	276
TOTAL	**19**	**809**	**227**	**1**	**5**	**902**	**1,963**

	31.12.2011						
(in millions of euros)	**AAA**	**AA**	**A**	**BBB**	**< BBB**	**Not rated**	**Total**
Share of reinsurers in non-life insurance reserves	110	383	228	37		509	1,267
Share of reinsurers in life insurance reserves		13	5			37	56
Reinsurer share in provisions of financial contracts with a discretionary profit-sharing clause							
Reinsurer share in provisions of financial contracts without a discretionary profit-sharing clause							
Receivables arising from outward reinsurance	6	9	19	9		146	189
TOTAL	**116**	**405**	**252**	**46**	**0**	**692**	**1,512**

The total share of unrated reinsurers corresponds primarily to outward reinsurance to professional reinsurance pools, especially Assurpol, Assuratome, Gareat, Réunion Aérienne and Réunion Spatiale, which are not subject to any rating.

A share of €301 million (€253 million for fiscal year 2011) is also represented by the Groupama SA retrocession to the regional mutuals under the Internal Reinsurance agreement. The breakdown is as follows:

- €246 million in share of reinsurers in non-life insurance reserves;
- €54 million in receivables from outward reinsurance transactions.

4.2.6 OPERATING, LEGAL, REGULATORY AND TAX RISKS

4.2.6.1 Operational risks

Operational risk management is carried out in conformity with the operational risk policy, and broken down by group risk policy (see § 4.2.1).

The operational risk control system, broken down by all group entities, is based on three levels of control with responsibility and control plans appropriate for each level:

- internal-check type permanent monitoring of the operational level and permanent management control;
- permanent controls operated by the Risk and Internal Control of each entity;
- periodic controls undertaken by internal audit of each entity.

The operational risk management system of Groupama is based on:

- crisis management systems and Business Continuity Plans (BCPs). Three BCPs have been identified:
  - an Unavailability of Human Resources BCP, which integrates the Pandemic BCP provides for business continuity in the event of a light pandemic (no modification of operations) or a severe pandemic (degraded operation),
  - an Unavailability of Real Estate BCP,
  - an Information Systems BCP which provides for business continuity despite a major incident affecting the IT system;
- the definition of internal management rules and operational procedures defining the manner in which the activities of Groupama SA must be conducted. They are appropriate to each business line and each key process. On the basis of group benchmarking of processes and group classification of operational risks at every stage of the business line and functional processes, operational risks are identified and related controls are laid down and standardised across the Group. These controls, being deployed in each entity, provide the basis for strengthening level 1 and level 2 controls.

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

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

4.2.6.2 Legal and regulatory risks

The legal and regulatory risks are managed as part of group system compliance, which is defined by the Group compliance charter validated by the governing bodies of the Group. The system in place, directed by the compliance charter, aims to ensure that all group practices comply with legal provisions, administrative regulations and requirements and professional standards, as well as the Group's internal rules, charters and procedures.

The internal control procedures designed to ensure the conformity of all Groupama SA operations are based on the main mechanisms described below.

(a) Application of corporate law and the Commercial Code

The Legal Department, under the supervision of the Corporate Secretary, manages Groupama SA's legal affairs and those of its subsidiaries and provides legal advice as needed to all the French legal entities of Groupama SA. Within this framework, it ensures the legal safety of its operations and its Directors and executives. Internal checks on the effective implementation of administrative legal procedures are based on ongoing monitoring systems on an individual entity basis.

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

The Legal Department within the Corporate Secretary of Groupama SA ensures, particularly on behalf of the Business Divisions of Groupama SA, the French insurance subsidiaries, as well as the regional mutuals:

- a function of monitoring and analysing legislation and case law and other standards (FFSA professional standards, ACP recommendations) having an impact on the insurance activity; (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).

(c) Other areas

Specific procedures have been set up to meet special requirements:

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

- to fight money laundering and terrorist financing: the entities are incorporating into their procedures the legal obligations and professional recommendations in this area. The internal control and risk management procedures are based on knowledge of the customer base, but also on a set of controls performed prior to the transaction, then after the transaction by analysing the information databases for past transactions. In addition, the Group Legal Department, working with a network of officers responsible for anti-money laundering and terrorist financing activities in the insurance, banking and asset management subsidiaries in France and internationally, and the regional mutuals, is responsible for monitoring group compliance with anti-money laundering obligations;
- in application of the Data Protection Act, the compliance system makes use of the Group Data Protection Correspondent named by the French National Information Technology and Freedom Commission ("CNIL") and on the network of internal correspondents: one correspondent per entity and six for Groupama SA in areas implementing sensitive processes (HR Department, Health Department, Department of Group Insurance, Marketing and Distribution Department, Group Communication Department, and Group Internal Control and Risk Management Department). This network changes based on the Group's organisational modifications;
- with regard to the protection of medical data, each entity is responsible for the implementation of texts and recommendations in force. The corresponding group recommendations are implemented in partnership with the medical officers, in collaboration with the Group compliance function, the Group Data Protection Correspondent and the Claims and Cost Control Division of the Insurance, Banking and Services Department;
- with regard to the protection of clients, the procedures and measures implemented to ensure compliance with the current rules are described in the notes attached to report R-336-1 on internal control developed by each French insurance entity of the Group. For fiscal year 2012 and in accordance with the terms of instruction no. 2012-I-07 of the ACP related to the questionnaire about the application of rules intended to ensure customer protection, the Group's subject companies will electronically transmit this appendix to the ACP no later than 30 September 2013.

4.2.6.3 Tax risks

The role of the Group's Tax Department is to provide information and monitor regulations for all the entities of the Group. It is also regularly questioned about specific technical points and is involved in preparing the end-of-year financial statements. In this capacity, it ensures that the tax consolidation rules are applied (Article 223A *et seq*. of the General Tax Code) for the Group and, working with the Group Accounting Department, prepares the report on the tax position of the consolidated companies. It also helps to implement documentation and archiving procedures in terms of computerised accounting records, as required under tax law, particularly as part of dedicated "CFCI" (Computerised Accounting Tax Audit) committees for each French entity.

4.2.7 MONITORING AND MANAGING BANKING RISKS

4.2.7.1 General presentation

Risk management is inherent in banking activity. Groupama Banque's risk policy falls under its affiliation with the Groupama group and the organisation's strategic development choices, which are an integral part of the Group's strategy. In accordance with regulations, including Titles IV and V of amended Regulation CRBF 97-02, as amended, the Bank's Management Committee, acting on proposals made by the Risk Department, sets the institution's risk policy, particularly with regard to customer selection and risks, terms and conditions for granting loans and delegating authority.

The Risk Department also analyses and monitors risk, and carries out the necessary controls and reporting within a number of committees: the Credit Committee, the Risk and Control Committee, the ALM Committee and the Management Committee. It also recommends policy adjustments according to what it anticipates in terms of risk to the bank and changes in the economic and regulatory environment.

4.2.7.2 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.

(a) Decision-making procedures

A process approved by the Bank's Management Committee is described in a permanent instruction known as the "credit risk policy". This covers the products and services offered, terms and conditions of customer selection, and rules regarding the granting of credit according to customer type. The credit decision-making process is based on a set of delegations, the highest body being the Credit Committee. The delegations are classified by amount according to customer category.

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.

(b) Oversight procedures

Oversight of credit risks is carried out by the Risk Department, whose responsibility is to ensure conformity with decisions, the reliability of reporting data, and the quality of risk monitoring. As part of its "credit risk monitoring", the Credit Committee meets each quarter to:

- monitor outstanding amounts, limits and guarantees;
- review important commitments through an in-depth analysis carried out at least annually;
- take note of the analysis of the burden and cost of quarterly risk;
- examine the observations and recommendations of the Risk Department following the analysis of the burden and cost of the risk.

(c) Impairment procedures

Procedures are adapted to a different treatment for consumer credit granted to retail banking customers on the one hand, and other facilities on the other. As part of its quarterly "monitoring of sensitive commitments and reserves", the Credit Committee:

- reviews all sensitive commitments;
- examines doubtful cases for all facilities, excluding consumer credit granted to retail banking customers, and decides on potential litigation and reserve levels;
- periodically updates the litigation reserve level rate with respect to retail banking customers;
- for all markets, determines the merits of establishing a collective provision on healthy debt and, where applicable, calculates its amount.

4.2.7.3 Market risks

The Market Risk Department produces a daily market risk performance indicator using independent front office calculations. Portfolio income is calculated and compared to the observation thresholds. Sensitivities (in euros for a rate increase of 1 bp) are calculated daily and market risk control ensures that the limits defined by the Management Committee are respected. Stress scenarios are also simulated on the various portfolios.

Market risk control provides a daily report on the foreign exchange accounting position to the operating divisions, line management and members of the Management Committee concerned.

It also carries out foreign exchange trading on a daily basis. It ensures that no position exceeds the limits set by the Management Committee and calculates the result.

The trading room has no position in the equity market. It only acts as an intermediary on behalf of customers.

(a) Setting and complying with limits

The Management Committee revises limits annually. It can also decide on an immediate limit increase, in case of a particular need associated with a new business line, or decrease, in the event of problems on the financial market.

The Management Committee is advised quarterly of risk and income measurements, compliance with limits, any counterparty default and any event likely to affect the bank's risk level.

(b) Payment risk

The bank can assess at any time its resources in securities or cash that are directly available, allowing it to meet its commitments. It has securities available at Banque de France allowing it to carry out pension transactions in order to ensure intraday or overnight liquidity.

(c) Foreign exchange risk

This is the risk that the value of an instrument or of one of the items of its future results will fluctuate because of changes in foreign currency rates.

The bank does not take positions in foreign currencies. Its activity is maintained well below the threshold that requires prudential supervision of the foreign exchange risk.

(d) Liquidity risk

The policy for managing liquidity risk includes making sure Groupama Banque can honour its commitments at all times with regard to its customers, meet prudential standards, maintain the cost of its refinancing at the lowest level and handle any liquidity shortages.

The bank monitors its liquidity risk on a daily basis at the level of the Capital Markets and Treasury Departments, weekly at the level of the Steering Committee and monthly through the ALM Committees. It periodically establishes crisis scenarios and ensures the capacity to meet any crises that occur.

The size and nature of the bank's balance sheet, as well as its resource structure from its various customers in excess of the amount of loans issued, mean that the bank has little exposure to liquidity risk. The main sources of financing are therefore structural: shareholders' equity, current accounts and special scheme accounts. The bank also has a pool of securities that meet Central Bank eligibility requirements, which permit self-financing over the short-term and the possibility of using the pooling of cash resources or group surpluses.

The liquidity ratio exceeds the regulatory minimum.

4.2.7.4 The annual percentage rate risk (ALM)

Pursuant to Article 29 of chapter III – section IV of Regulation 97-02, as amended, the bank has decided to remove from the scope of the overall risk assessment those transactions for which it assesses market risk.

Balance sheet elements that do not generate market risk and show some sensitivity to changes in interest rates are grouped together in the bank's fixed-rate section of the structural balance sheet, which itself is divided into four main sections: banking book, investments, shareholders' equity and cash.

Risk monitoring is based on the Net Present Value (NPV) sensitivity within a conversion of +200 bp (curve translation), considered to be a hypothesis of sudden rate change. The limit of any hedging action is fixed at +/-€20 million. This limit was reached during fiscal year 2012 and the balance sheet was hedged with interest-rate swaps. At 31 December 2012, the sensitivity thus calculated was -€7.4 million.

Furthermore it should be noted that the ALM Committee also follows, on a monthly basis, the impact of a conversion of -100 bp and +100 bp, and the impact of a steepening or flattening of the interest-rate curve, retained as additional indicators.

A sliding second limit on the profits of the bank over one year is continued. It is set at +/-€5 million, for a conversion of the yield curve of +100 bp. At 31 December 2012, this sensitivity was -€2.3 million. The limit has not been reached since its implementation in September 2011.

4.2.7.5 Operational risks

The operating 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 operating risks and scenario modelling) and lists 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.

5

EARNINGS AND FINANCIAL POSITION

5.1 BOARD OF DIRECTORS' REPORT

5.1.1 ENVIRONMENT

5.1.1.1 Macroeconomic environment

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

First of all, the financial markets were negatively affected in the first half of the year by fears of recession fuelled by:

- austerity measures taken in most eurozone countries;
- the recession in Spain in a setting of already very high unemployment;
- major concerns about the health of the Spanish banking system;
- difficulties in establishing a European solidarity mechanism;
- signs of global slowdown, particularly from the United States and China.

In the second half of the year, the joint efforts of the central banks and political leaders put off the prospect of a major crisis in the eurozone. The main measures implemented by the ECB particularly targeted the establishment of the bond purchase programme and the ratification of the European solidarity mechanism.

The first half of 2012 solidified investor attention on risks already present at the end of 2011. The slight increase in confidence at the beginning of the year related to the combined actions of central bankers for European financial institutions was quickly cancelled out by the sudden intensification of pressures on the peripheral countries, first of all Greece and Spain.

Thus, although eurozone decision-makers increased the capacity of the European mechanisms of financial stability (EFSF then ESM), the flight of capital from Greek banks and the absence of a European consensus about Greece's possible exit from the eurozone increased investor confidence with regard to the eurozone's integrity.

In the aftermath, investor awareness of the extent of the Spanish structural deficit and the possible amount of the Iberian banking system's recapitalisation requirements intensified investor concerns about the country. The risk of a break-up of the eurozone in the short term then once again became a scenario foreseeable by the markets.

In the United States, markets were negatively affected to a lesser degree by the worsening of public debt and the deterioration of business opinion surveys. Beyond the collateral effects of the crisis on the eurozone and trade, operators focused on three key components for a resumption of US growth: the necessary budget adjustments and their impacts on future growth, the still uncertain situation of the real estate market and the US economy's difficulties in creating sustainable employment.

In addition, the decrease in growth in emerging countries (particularly in India and China) was an additional unfavourable factor for western exports. High inflation did not allow central bankers to relax credit terms.

In the second half of the year, several factors reversed the trend seen over the first half of the year. The statements by the European Central Bank's Chairman in late July reassured markets about the European Union's determination to implement the measures necessary to safeguard the eurozone's integrity.

Market pressure on peripheral countries of the eurozone therefore greatly reduced; other signals helped to support this renewed confidence in the eurozone, in particular: the rather reassuring conclusions of the independent audit of Spanish bank recapitalisation requirements, structural reforms on track for implementation in Italy, renegotiation of the terms of the EU/IMF loans to Greece, the first signs of strengthened European integration with the establishment of the Banking Union and the budget deficit stabilisation mechanisms. Thus, even though growth forecasts for the eurozone for the second half of 2012 and for 2013 remain negative (-0.5% in 2012 and between -0.1% and -0.5% estimated for 2013), these events reassured the markets about the eurozone.

In the United States, real estate market indicators also rebounded, suggesting the triggering of a virtuous circle: improvement in consumer wealth and confidence resulting in decreased unemployment and improvement of the assessment of the financial system and that of credit terms. These factors combined with the stabilisation of the situation in the eurozone brought about renewed confidence in US companies and a reversal of the trend on the employment market. Employment thus rebounded significantly, with a quarterly pace increasing from +66,000 net jobs created in the second quarter to more than +160,000 in the second half. However, uncertainty about the triggering of automatic fiscal tightening measures and their impacts on growth (consensus around 2% for 2013) still hung over the markets at the end of 2012.

In emerging countries, decreased inflation permitted the start of monetary easing, allowing recovery policies to be established. This recovery took the form of a simultaneous decrease in short-term rates and mandatory reserve rates and the announcement of investment measures on the real estate market and infrastructures.

5.1.1.2 Financial markets

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

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

(a) Changes in rates

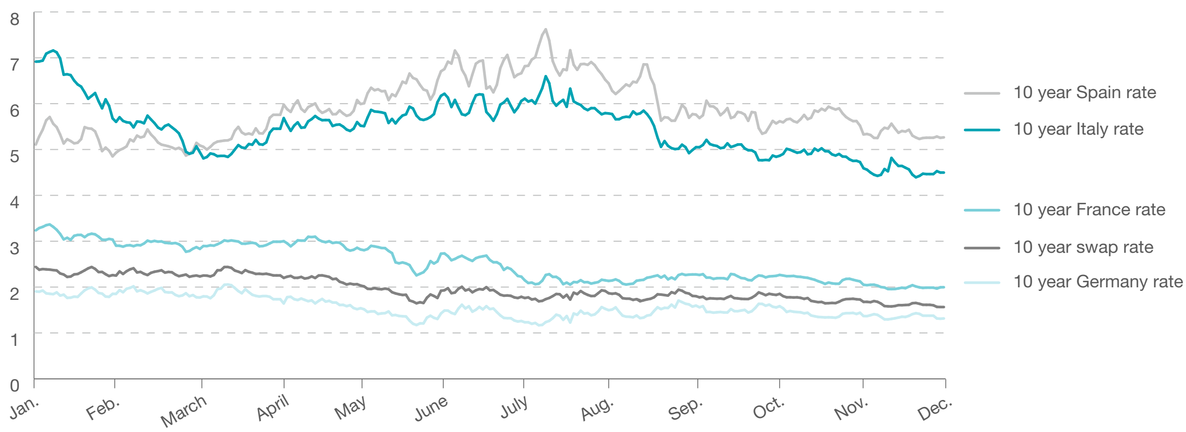
The first part of the year was characterised by two contrasting movements:

- the sharp deterioration of peripheral sovereign debt: Italian and Spanish 10-year rates reached more than 7%. Spanish bonds endured up to +251 bp of widening (for the 10-year rates) at the height of their depreciation (at 24 July 2012). As for Italian bonds, they reached their low point at the very beginning of the year then tightened significantly over the first two months of the year following the policy change before spreading again during summer 2012;
- the respective and simultaneous contraction of 128 bp and 75 bp of French and German sovereign bonds as part of the carry-over of investor flows on assets perceived as having the best credit standing.

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

- renewed confidence about the peripherals embodied by the return of Spanish sovereign bonds to their levels observed at beginning of the year (5.26% for the 10-year rate at the end of 2012 *versus* 5.11% at the beginning of the year) and a strong tightening of Italian sovereign bonds, which lost 242 bp over the year;
- French and German government rates maintained at low levels because of continued monetary policies. In this context, the 10-year OAT finished the year at 2% and lost 124 bp over 2012, whereas the 10-year Bund finished the year at 1.44% and lost 59 bp over the period.

CHANGES IN MAJOR GOVERNMENT RATES AND IN 10-YEAR SWAP RATE OVER 2012



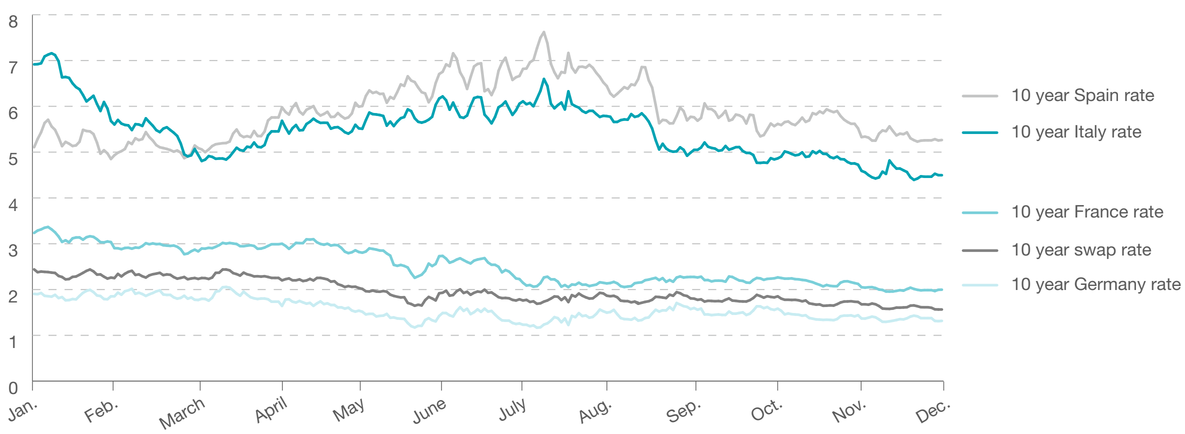
(b) Changes in credit

CHANGES IN THE EUROPEAN CREDIT SPREAD OVER 2012 (ITRAXX MAIN)

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

(c) Changes in the equity market

CHANGES IN MAJOR EQUITY INDICES OVER 2012



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

after renewed confidence at the beginning of the year related to measures on the banking system, equity markets suffered a sharp drop with a low point in May as a result of pressure on the eurozone and the global economy;

over the second half of the year, equity markets performed very well thanks to a reduced risk that the eurozone would break up and the first signs of recovery in the United States.

The balance sheet over the year is therefore positive across all stock markets with an increase over 2012 of 15% on the CAC40 and 14% on the US S&P 500 index (performance with dividends reinvested).

5.1.2 SIGNIFICANT EVENTS

5.1.2.1 Group governance

(a) Chairmanship of Fédération Nationale Groupama, Groupama SA and Groupama Holding

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

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

(b) Banking business separation and regulation bill

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

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

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

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

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

5.1.2.2 Measures to strengthen the solvency margin

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

These measures include three components:

(a) Operations to reduce risk on securities

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

(b) Real estate disposals

At the same time, the Group sold real estate assets under very good conditions. The withdrawal from the property component represents a divestment of approximately €1 billion.

(c) Strategic disposals of businesses

The completed business disposals are described below:

In France

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

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

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

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

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

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

Abroad

SALE OF THE SPANISH SUBSIDIARY

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

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

The selling price of Groupama Seguros is €404.5 million.

SALE OF THE NON-LIFE INSURANCE SUBSIDIARY IN THE UNITED KINGDOM TO AGEAS UK

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

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

SALE OF LARK

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

SALE OF THE PROAMA BRANCH IN POLAND

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

5.1.2.3 Other factors

(a) Icade-Silic merger

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

Following this contribution, HoldCo SIIC holds 43.95% of the capital and voting rights of Silic. Caisse des Dépôts and Groupama hold 75.07% and 24.93% of the capital and voting rights of HoldCo SIIC respectively.

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

(b) Caisse des Dépôts subscribes to preferred shares of Gan Eurocourtage

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

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

These preference shares were repaid on 1 October 2012.

(c) Exchange of Greek debt as part of the PSI

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

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

(d) Groupama SA's decision not to proceed with the optional interest payment to holders of super-subordinated securities issued in October 2007

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

(e) Financial rating

Fitch

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

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

Standard & Poor's

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

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

(f) Merger/takeover of Gan Eurocourtage by Groupama SA

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

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

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

(g) Strengthening of the equity of its subsidiary Groupama Gan Vie

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

In May and June 2012, Groupama SA subscribed to two capital increases through a cash contribution for €140 million and through a contribution of real estate assets for €120 million.

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

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

(h) Temporary implementation of a group proportional treaty

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

5.1.3 POST-BALANCE SHEET EVENTS

5.1.3.1 Sale of the asset management company Groupama Private Equity

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

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

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

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

5.1.3.2 Sale of Bollington

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

5.1.4 ANALYSIS OF FINANCIAL STATEMENTS

5.1.4.1 Summary of activity and income

Premium income *(in millions of euros)*	**31.12.2012**	**31.12.2011** *pro forma*	**31.12.2011**	**Change in value (like-for-like)**	**Actual charge**	**Like-for-like basis**
Property and Casualty insurance France	3,086	2,924	3,919	162	-21.3%	5.5%
Life & Health insurance France	4,944	5,694	5,694	(750)	-13.2%	-13.2%
Total Insurance France	**8,030**	**8,619**	**9,614**	**(589)**	**-16.5%**	**-6.8%**
Property and Casualty insurance International	1,995	2,001	3,194	(6)	-37.5%	-0.3%
Life & Health insurance International	731	808	1,099	(76)	-33.4%	-9.4%
Total Insurance International	**2,726**	**2,809**	**4,292**	**(82)**	**-36.5%**	**-2.9%**
Other	6	8	8	(2)	-25.2%	-25.2%
Banking and Financial activities	269	271	271	(3)	-1.0%	-1.0%
Total Groupama SA	**11,031**	**11,707**	**14,186**	**(675)**	**-22.2%**	**-5.8%**
Total Insurance (excluding Assuvie)	**10,757**	**11,428**	**13,907**	**(671)**	**-22.7%**	**-5.9%**
Including Property and Casualty insurance	5,081	4,925	7,114	156	-28.6%	3.2%
Including Life & Health insurance	5,676	6,502	6,793	(826)	-16.5%	-12.7%

2011 pro forma data:

- *The pro forma premium income as at 31 December 2011 incorporates the sale of businesses in Spain and Groupama Insurances in the United Kingdom as well as the sale of brokerage and transport businesses in France, i.e., an impact of €989 million on insurance premium income in France and €1,468 million on international insurance premium income. The Internal Reinsurance business (assistance, group cover) related to these portfolios was also adjusted in the pro forma.*
- *For those entities that do not use the euro as their functional currency (Turkey, Romania and Hungary), the exchange rate effects are neutralised in the pro forma; the actual data as at 31 December 2011 were converted based on the exchange rate at 31 December 2012.*

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

The like-for-like change is explained to a very large extent by the drop in life and health insurance in the savings/pension sector (which represents nearly 25% of the Group's total business). The Group saw this decline mainly in France, where individual savings/pension, representing 47.8% of the life and health insurance business, decreased 25.6% compared to 31 December 2011. This situation was the result of economic conditions unfavourable for savings/pensions products, characterised by:

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

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

In property and casualty insurance, the Group posted growth of 3.2%, driven by individual and professional insurance (+2.9%, or 65.9% of the segment's premium income). Passenger cars (+2.2%) and home insurance (+3.6%) contributed largely to this growth. In France, property and casualty insurance increased 5.5% with growth of 5.4% in passenger cars and 3.7% in home insurance. International property and casualty insurance remained virtually stable (-0.3%).

Although life and health insurance premium income (-12.7%) was heavily burdened by the individual savings/pensions segment's decline (-23.8%), the other segments posted growth of 2.5% in connection with the good performance in health insurance (individual and group: +4.2%). In France, life and health insurance excluding savings/pensions grew by4.3% (including +8.4% in individual and group health insurance). International life and health insurance premium income also decreased (-9.4%), particularly under the effect of the drop in individual savings/pensions (-10.0%).

Following the changes in scope, insurance premium income in France represents 72.9% of the Group's overall business over the period, whereas International insurance premium income amounts to 24.7% of total premium income. The Group's other businesses (financial and banking businesses) represent 2.4% of total premium income. Net banking income from these businesses amounted to €225 million at 31 December 2012.

Economic operating income *(in millions of euros)*	31.12.2012	31.12.2011 *pro forma*	31.12.2011	Change in value
Property and Casualty insurance France	(58)	106	181	(164)
Life & Health insurance France	12	(12)	(12)	24
Total Insurance France	**(46)**	**94**	**169**	**(140)**
Property and Casualty insurance International	58	115	157	(57)
Life & Health insurance International	22	(13)	(1)	35
Total International Insurance	**80**	**102**	**156**	**(22)**
Banking and Financial activities	12	11	11	1
Holding company activities	(147)	(81)	(81)	(66)
Total Groupama SA	**(101)**	**126**	**254**	**(227)**
Including Property and Casualty insurance	0	221	338	(221)
Including Life & Health insurance	34	(25)	(13)	59

The Group's economic operating income totalled -€101 million in 2012, compared to +€126 million in 2011. While operating income in life and health insurance is experiencing slight growth in France and very significant growth internationally under the combined effect of recovery measures taken in 2012 and the decreased burden of the financial crisis, financial year 2012 in property and casualty insurance is characterised by a deterioration of underwriting results particularly because of lower releases of reserves on prior fiscal years, the large number of weather events and major losses. The net combined ratio thus amounted to 101.4% in 2012 (excluding the Monte Carlo proportional treaty) *versus* 96.9% in 2011.

In France, property and casualty insurance economic operating income declined to €58 million in 2012. The combined net ratio was 102.5% in 2012, compared to 97.8% in 2011. The gross claims ratio was up 10.7 points at 72.7% in 2012 under the effect of the proportion of major losses and lower surpluses on prior years. However, it should be emphasised that the operating expense ratio decreased significantly by 1.3 point to 24.9% in 2012 thanks to the rigorous measures to cut overhead expenses taken by the executive management, which yielded results across the entire consolidation scope. Life and health insurance economic operating income amounted to +€12 million in 2012, up €24 million compared to the previous period.

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

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

The Group's holding business posted an economic loss of €147 million in 2012, compared to a loss of €81 million in 2011. This was the result of the effects of tax consolidation, which focused on the holding, and especially a very significant reduction in holding costs.

Net profit *(in millions of euros)*	**31.12.2012**	**31.12.2011** *pro forma*	**31.12.2011**	**Change in value**
Property and Casualty insurance France	76	(133)	(193)	209
Life & Health insurance France	174	(1,476)	(1,476)	1,650
Total Insurance France	**250**	**(1,609)**	**(1,669)**	**1,859**
Property and Casualty insurance International	18	(10)	30	28
Life & Health insurance International	(10)	(173)	(166)	164
Total International Insurance	**9**	**(183)**	**(135)**	**192**
Banking and Financial activities	11	7	7	4
Holding company activities	(217)	(66)	(66)	(151)
Earnings effect, minority interest on mutual funds, Cegid	4	(3)	(3)	7
Net profit excluding restructuring	56	(1,855)	(1,866)	1,910
Net profit of discontinued operations	(334)	(11)		(323)
Gan Eurocourtage	(153)	(60)		(93)
Espagne	(23)	24		(46)
GICL	(136)	30		(166)
Lark	(15)			(15)
Poland	(7)	(5)		(2)
Extraordinary operations	**(46)**			**(46)**
Impairment of goodwill	**(298)**	**54**	**54**	**(352)**
GROUPAMA TOTAL NET PROFIT	**(622)**	**(1,812)**	**(1,812)**	**1,190**

Earnings excluding restructuring totalled €56 million at 31 December 2012 compared to a loss of €1,855 million in 2011. This result corresponds to the net income restated for goodwill impairment, earnings from discontinued operations and restructuring costs.

As a reminder, in 2011, earnings excluding restructuring incorporated a number of non-recurring items:

- impairment of Greek sovereign debt for -€2.3 billion (gross);
- provisions for long-term depreciation and capital losses on strategic equities for €2.5 billion (gross).

These operations were borne largely by the Group equity. Net of taxes and profit-sharing, they represent a -€3.1 billion expense.

After taking into account the earnings from discontinued operations of -€334 million, goodwill impairments for -€298 million mainly in Romania (-€245 million), as well as restructuring costs for €46 million net of taxes, the 2012 net income is a loss of €622 million compared to -€1,812 million in 2011 (including -€90 million in goodwill impairment on subsidiaries in Central and Eastern European countries).

5

Net profit *(in millions of euros)*	**31.12.2012**	**31.12.2011** *pro forma*	**31.12.2011**
Insurance and services France	**209**	**(1,609)**	**(1,669)**
Gan Assurances	58	(78)	(78)
Gan Eurocourtage			(60)
Groupama Gan Vie	137	(1,480)	(1,480)
Other entities	(1)	(17)	(17)
Groupama SA – Operating activity	15	(35)	(35)
International Insurance	**9**	**(183)**	**(135)**
Banking and Financial activities	**6**	**7**	**7**
Holdings	**(217)**	**(66)**	**(66)**
Net profit of discontinued operations	**(334)**	**(11)**	
Gan Eurocourtage	(153)	(60)	
Espagne	(23)	24	
GICL	(136)	30	
Lark	(15)		
Poland	(7)	(5)	
Impairment of goodwill	(298)	54	54
Reallocation goodwill, earnings effect, minority interest on mutual funds, Cegid	4	(3)	(3)
TOTAL GROUPAMA SA	**(622)**	**(1,812)**	**(1,812)**

5.1.4.2 Activity and profits in France

	31.12.2012			**31.12.2011** *pro forma*		
Premium Income *(in millions of euros)*	**L&H**	**P&C**	**Total**	**L&H**	**P&C**	**Total**
Groupama SA	576	1,651	2,226	554	1,581	2,135
Groupama Gan Vie	4,180		4,180	4,968		4,968
Gan Assurances	157	1,211	1,368	152	1,159	1,311
Other entities (1)	37	224	261	28	185	213
TOTAL	**4,950**	**3,086**	**8,036**	**5,702**	**2,924**	**8,627**

(1) Including Assuvie.

Insurance premium income in France as at 31 December 2012 declined by -6.8% compared to 31 December 2011 and totalled €8,036 million.

(a) Property and casualty insurance

	P&C France		
Premium Income *(in millions of euros)*	**31.12.2012**	**31.12.2011** *pro forma*	**Var. %**
Groupama SA	1,651	1,581	4.4%
Gan Assurances	1,211	1,159	4.5%
Other entities	224	185	21.4%
TOTAL	**3,086**	**2,924**	**5.5%**

The growth of property and casualty insurance premium income (38.4% of premium income in France) remained steady at €3,086 million, posting growth 5.5% higher than the market (+4%, source: FFSA, end of December 2012). Individual and professional insurance premium income (56.4% of property and casualty policies issued, at €1,739 million) rose by 4.8%. This growth is very pronounced on the passenger car (+5.4%) and home insurance (+3.7%) segments and mainly related to pricing effects. On these segments, growth in number was +1.0% and +2.6% respectively. Note that the Group posted performance far greater than the market's average on the passenger car segment (+3% – source: FFSA, end of December 2012). Premium income from businesses and local authority insurance (€529 million) also rose significantly (+6.6%) due particularly to the growth of the fleet and the business and local authority property segments (+5.8% and +7.3%, respectively).

Groupama SA's property and casualty insurance premium income rose by 4.4% to €1,651 million, driven primarily by growth in the car segment (including fleets: +4.2%).

Gan Assurances premium income rose by 4.5% and stood at €1,211 million, led by private and professional insurance premiums. To a large extent, price increases explain the increase in premium income on the passenger car (+5.6% – growth in number of +0.4%) and professional risk (+8.6%) segments. The home insurance segment grew by 4.1%, supported by price increases, whereas the portfolio in number was slightly down compared to the previous period (-0.5% under the effect of stricter selection measures). The fleet sectors also posted strong performance (+8.4%, to €124 million).

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

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

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

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

Economic operating income in property and casualty insurance in France totalled -€58 million in 2012 compared to +€106 million in 2011. This growth is broken down as follows:

Property and Casualty insurance in France *(in millions of euros)*	**31.12.2012**		**31.12.2011** *pro forma*		**31.12.2011**		**Change 2012/2011** *pro forma*	
Gross premiums earned	3,167	100.0%	2,873	100.0%	3,958	100.0%	294	10.2%
Technical expenses (service contracts)	(2,303)	-72.7%	(1,781)	-62.0%	(2,368)	-59.8%	(522)	29.3%
Claim management costs	*(117)*	*-3.7%*	*(113)*	*-3.9%*	*(145)*	*-3.7%*	*(5)*	*4.2%*
Expenses from net underwriting current operations in products	(789)	-24.9%	(752)	-26.2%	(1,122)	-28.4%	(37)	4.9%
Reinsurance balance	(154)	-4.9%	(275)	-9.6%	(335)	-8.5%	121	-44.1%
Net underwriting margin in reinsurance	**(79)**	**-2.5%**	**64**	**2.2%**	**133**	**3.3%**	**(143)**	**NA**
Recurring financial margin [(1)] after tax	38	1.2%	70	2.4%	122	3.1%	(32)	-45.0%
Other items	(18)	-0.6%	(28)	-1.0%	(73)	-1.9%	(10)	-36.6%
Economic operating income	**(58)**	**-1.8%**	**106**	**3.7%**	**181**	**4.6%**	**(164)**	**NA**
Net profit restated for Monte Carlo	3	0.1%		0.0%		0.0%	3	
Realised gains net of corporate income tax	160	5.1%	162	5.6%	84	2.1%	(2)	
Allocations to provisions for long-term impairment net of corporate income tax	(12)	-0.4%	(380)	-13.2%	(434)	-11.0%	368	
Gains or losses on financial assets recognised at net fair value net of corporate income tax	4	0.1%	(10)	-0.3%	(13)	-0.3%	14	
Amortisation of intangible assets and goodwill impairment net of corporate income tax	(5)	-0.2%		3.9%		2.9%	(5)	
Other operations net of corporate income tax	(16)	-0.5%	(10)	-0.3%	(10)	-0.3%	(6)	
Net profit excluding restructuring	**76**	**2.4%**	**(133)**	**-4.6%**	**(193)**	**-4.9%**	**209**	**NA**
Non-recurring operations net of corporate income tax	(19)	-0.6%	113		113		(132)	
Net profit of discontinued operations	**(2)**	**-0.1%**	**(60)**	**-2.1%**			**58**	
GROUP NET PROFIT	**55**	**1.7%**	**(80)**	**-2.8%**	**(80)**	**-2.0%**	**135**	**NA**

(1) See glossary in this registration document (page 359).

5

In France, the net underwriting results (gross premiums earned – gross technical expenses – net expenses from current technical operations and reinsurance balance) totalled -€79 million in 2012 compared to +€64 million in 2011. The combined net ratio was 102.5% in 2012, compared to 97.8% in 2011, up 4.7 points over the period. This adverse movement is related to the current claims ratio influenced by an increased cost of serious claims and significant weather events, which were at high levels again in 2012. The proportion of this category of losses represents a further deterioration of 1.3 points of combined ratio. Also recall that the 2011 underwriting result incorporated the release of provisions established in the past as a precaution for pay-out for damages, representing a non-recurring favourable effect of 3.4 points. Although on mass risks, frequency was relatively stable compared to 2011, reinsurance coverage was more favourable (-4.7 points) and absorbed reinforcements on prior years of excess claims, particularly the increases resulting from the 2011 drought. Lastly, the Group made very rigorous efforts to cut operating expenses, which decreased by 1.3 points to 24.9% of gross earned premiums in property and casualty insurance.

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

- Groupama SA's 2012 combined net ratio was 105.4% (excluding the Monte Carlo proportional treaty), compared to 96.7% in 2011. The reinsurance net claims ratio grew from 72.5% in 2011 to 82.2% in 2012. This increase in Groupama SA's claims ratio is explained by a sharp increase in serious claims, the proportion of which was up €65 million compared to 2011. In addition, the portfolio maintained on Gan Eurocourtage's businesses (transport and brokerage) presents a claims ratio that weighs unfavourable (+3.5 points) on the combined ratio. Lastly, over prior fiscal years, the change was unfavourable: 2011 was marked by non-recurring surpluses, particularly on annuities, while 2012 was characterised by increases to provisions, particularly following the issue of new drought decrees for 2011. Part of this adverse movement is covered through reinsurance. At the same time, on its non-holding business, Groupama SA significantly improved its operating expense ratio, amounting to 23.2% in 2012 (down 1 point compared to 2011);
- the net combined ratio of Gan Assurances worsened in 2012 by 0.9 points to 99.8% (excluding the Monte Carlo proportional treaty). The decrease in surpluses over previous years, approximately €50 million, mainly due to deficits on the natural disaster segment (2011 drought decrees), weighed on the combined ratio. The current claims ratio improved by 1.8 points. This was particularly the result of, in the passenger car segment, the decrease in the frequency of claims combined with lower charges from serious claims, reflected in a significant improvement in the current claims ratio of 9.4 points to 74.3% in 2012. Also note that bad weather weighed on the current claims ratio for -€36 million (+3 points) and primarily affected the home (which worsened by 8.6 points) and local authority damage (+14.2 points) segments. The operating expense ratio also underscores the ongoing effort of Gan Assurances. It decreased by 1.4 points to 24.4% in 2012;
- Amaline's net combined ratio was still high at 151% in 2012. However, it fell 38.8 points compared to 2011. This change should be viewed in relation to the improvement in the gross claims ratio by 19.6 points to 92.3%. The measures taken in 2011 to improve the portfolio's claims ratio yielded results. The motor portfolio's current claims ratio decreased by 18.2 points under the combined effect of the decrease in frequency and average costs. The reinsurance ratio is up by 1.5 points. The operating expense ratio decreased by 20.7 points to 54.5% in 2012, reflecting a favourable change in this new business.

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

The other items particularly include the other non-technical income and expenses, tax on recurring income, the results for companies under the equity method and minority interests.

In France, earnings excluding restructuring amounted to +€76 million in 2012 compared to a loss of €133 million in 2011, a year nevertheless marked by impairments of financial assets.

After taking into account the restructuring costs and the earnings of sold businesses, net income in France amounted to +€55 million compared to -€80 million in 2011.

(b) Life and health insurance

	L&H France		
Premium Income *(in millions of euros)*	**31.12.2012**	**31.12.2011** ***pro forma***	**Change %**
Groupama SA	576	554	3.9%
Groupama Gan Vie	4,180	4,968	-15.9%
Gan Assurances	157	152	3.2%
Other entities (1)	37	28	32.3%
TOTAL	**4,950**	**5,702**	**-13.2%**

(1) Including Assuvie.

Life and health insurance premium income (61.6% of premium income in France) fell by 13.2% to €4,950 million. The Group's life and capitalisation premium income fell by 21.1% in a market down 8.0% at the end of December 2012 (source FFSA). This change is mainly attributable to the decrease in the individual savings/pensions business (-25.6%), while the proportion of individual savings unit-linked income amounted to 14%, a slight increase compared to 2011. The decline on contracts in euros led to net outflows of €1.2 billion in individual insurance in 2012.

Health and bodily injury premium income as at 31 December 2012 rose 6.4% compared to 31 December 2011, led primarily by the health segment (individual and group), which posted an increase of 8.4%, promoted mainly by rate increases on certain niche markets. This growth was greater than the market, which posted a 5% increase in premiums issued on the health and bodily injury segment (source: FFSA, end of December 2012).

The networks comprising Groupama Gan Vie posted a 15.9% decline in premium income as at 31 December 2012, totalling €4,180 million. By business line, Groupama Gan Vie's premium income was mostly generated in individual insurance (67%), with issued premiums 22.7% lower compared to 31 December 2011 at €2,799 million. This change is mainly related to the decrease in individual savings (-31.1%) and pertains to all networks. Group insurance (33% of business) grew by 2.7% to €1,380 million thanks to pricing measures in a context of monitoring and reinforced selection of the portfolio (group health premium income increased by +14.9%).

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

(in millions of euros)	31.12.2012	31.12.2011	Change 2012-2011
Regional mutuals	1,315	1,896	-30.6%
Multi-line insurance agents	1,065	1,139	-6.5%
Brokerage	849	830	2.3%
Gan Patrimoine	386	526	-26.7%
Gan Prévoyance	565	577	-2.0%
TOTAL	**4,180**	**4,968**	**-15.9%**
Individuals	2,799	3,624	-22.7%
Groups	1,380	1,344	2.7%
TOTAL	**4,180**	**4,968**	**-15.9%**

Premium income for the network of regional mutuals totalled €1,315 million as at 31 December 2012. Affected by the very unfavourable change in individual insurance (€1,266 million in premium income), it decreased by 30.6% compared to the previous period.

The agent network earned €1,065 million in premium income as at 31 December 2012, down 6.5% compared to 31 December 2011. Premiums issued in individual insurance were more resistant than on the regional mutuals network and decreased by 14.7%, still because of the decrease in premium income on the individual savings segment. Group insurance businesses increased by 5.9%, driven by the growth of the health (+11.3%) and protection (+7.1%) segments, which benefited particularly from price increases.

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

The Gan Patrimoine network's premium income, very strongly tied to the individual savings segment, was down 26.7%, amounting to €386 million as at 31 December 2012.

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

Groupama SA life and health insurance premium income increased by 3.9% to €576 million, driven by the growth of the individual health (+3.8%) and protection (individual and group: +6.9%) segments.

Gan Assurances posted individual health premium income up 3.2% at €157 million as at 31 December 2012, supported particularly by an increase in the average premium (+2.8%).

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

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

Economic operating income in France (life and health insurance) increased by €24 million to +€12 million in 2012.

Life and health insurance in France *(in millions of euros)*	31.12.2012		31.12.2011 *pro forma*		31.12.2011		Change 2012/2011 *pro forma*	
Gross premiums earned	4,951	100.0%	5,704	100.0%	5,704	100.0%	(753)	-13.2%
Technical expenses (policy services)	(4,353)	-87.9%	(5,057)	-88.7%	(5,057)	-88.7%	704	-13.9%
Claim management costs	*(104)*	*-2.1%*	*(120)*	*-2.1%*	*(120)*	*-2.1%*	*16*	*-13.7%*
Expenses from current technical operations net of earnings	(917)	-18.5%	(957)	-16.8%	(957)	-16.8%	40	-4.2%
Reinsurance balance	(7)	-0.1%	5	0.1%	5	0.1%	(12)	-243.3%
Technical result net of reinsurance	**(326)**	**-6.6%**	**(305)**	**-5.3%**	**(305)**	**-5.3%**	**(21)**	**6.8%**
Recurring financial margin net of profit sharing and taxes	250	5.1%	136	2.4%	136	2.4%	115	84.4%
Other items	87	1.8%	157	2.8%	157	2.7%	(70)	-44.5%
Economic operating income	**12**	**-0.2%**	**(12)**	**-0.2%**	**(12)**	**-0.2%**	**24**	**NA**
Net profit restated for Monte Carlo	**(2)**	**0.0%**		**0.0%**		**0.0%**	**(2)**	
Capital gains realised net of corporate income tax and profit sharing	220	4.4%	484	8.5%	484	8.5%	(264)	
Allocations to provisions for long-term impairment net of corporate income tax and profit sharing	(48)	-1.0%	(1,910)	-33.5%	(1,910)	-33.5%	1,862	
Capital gains and losses on financial assets recognized at net fair value net of corporate income tax and profit sharing	1	0.0%	(40)	-0.7%	(40)	-0.7%	41	
Amortisation of intangible assets and goodwill impairment net of corporate income tax	(3)	-0.1%		0.5%		0.5%	(3)	
Other operations net of corporate income tax	(2)	0.0%	(1)	0.0%	(1)	0.0%	(1)	
Net profit excluding restructuring	**178**	**3.6%**	**(1,479)**	**-25.9%**	**(1,479)**	**-25.9%**	**1,657**	**NA**
Non-recurring operations net of corporate income tax	(22)	-0.4%	31		31		(53)	
Net profit of discontinued operations	**2**	**0.0%**					**2**	
GROUP NET PROFIT	**158**	**3.2%**	**(1,448)**	**-25.4%**	**(1,448)**	**-25.4%**	**1,606**	**NA**

The gross underwriting margin (gross premiums earned – gross technical expenses) totalled €598 million in 2012 compared to +€647 million in 2011. This deterioration in the margin is explained mainly by the fact that the 2011 underwriting result incorporated the release of provisions established in the past as a precaution for pay-outs, with an influence on the net combined ratio of the health/bodily injury business of 2.8 points. Restated for this item, this segment's net combined ratio (106.7%) was stable over the period. Note that in life/capitalisation, the underwriting margin resisted well over the period despite the very significant settling of the business. Operating expenses were down €40 million, or -4.2%, reflecting the efforts undertaken by the Group in this area.

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

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

The recurring financial margin (net of profit sharing and taxes) grew by €115 million. Recall that in 2011, the situation led to the distribution of all of the recurring financial income in the participating funds to the policy holders.

In France, earnings excluding restructuring amounted to +€178 million as at 31 December 2012 *versus* a loss of -€1,479 in 2011, a year affected by very large provisions on financial assets. The 2012 non-recurring financial margin (generated capital gains, allocations to provisions for permanent impairment and gains or losses on financial assets recorded at fair value) was positive at +€173 million.

After taking into account restructuring costs, net income in France amounted to +€158 million in 2012.

5.1.4.3 International activity and earnings

	31.12.2012			31.12.2011 *pro forma*		
International premium income *(in millions of euros)*	L&H	P&C	Total	L&H	P&C	Total
Italy	**341**	**1,149**	**1,490**	**383**	**1,182**	**1,565**
Greece	**61**	**106**	**167**	**70**	**121**	**190**
Turkey	**79**	**318**	**398**	**90**	**296**	**386**
Portugal	**61**	**8**	**69**	**61**	**8**	**70**
Central and Eastern European countries	**182**	**311**	**493**	**197**	**299**	**495**
Hungary	164	138	302	177	147	324
Romania	11	170	181	13	148	162
Others	7	3	10	7	3	10
Gan Outre-Mer	**7**	**102**	**110**	**6**	**95**	**102**
TOTAL	**731**	**1,995**	**2,726**	**808**	**2,001**	**2,809**

The Group's consolidated turnover abroad was €2,726 million as at 31 December 2012, down 2.9% from 31 December 2011 *pro forma*.

Property and casualty insurance premium income totalled €1,995 million as at 31 December 2012, a 0.3% decrease over the previous period. The motor (including fleet) segment, which represented 70.5% of property and casualty premiums written, remained stable. The home insurance segment's good performance levels (+3.5%) were offset by the decrease in the agricultural risk (-4.1%) and business protection (-0.8%) segments.

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

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

The combined net property and casualty ratio amounted to 99.7% as at 31 December 2012, up 3.9 points compared to 31 December 2011. The gross claims ratio deteriorated by 4.0 points to 67.4% under the effect of reduced underwriting results in certain countries (Greece, Hungary, Romania) affected in 2012 by the effects of the economic crisis (decrease in premium volumes in particular) and the difficult market environments in these countries. The operating expense rate remained stable at 27.1% with the continuation of rigorous management of expenditures in all subsidiaries.

The net underwriting result of life and health insurance increased by 15.5 million thanks to the recovery of the underwriting margin in Turkey and an increase in the underwriting margin in Hungary.

The recurring financial margin decreased by 20% to +€132 million as at 31 December 2012, under the effect of the decrease in bond yields and the maintaining of money market investment allocations in order to cope with the adversity of the financial markets.

Economic operating income *(in millions of euros)*	**31.12.2012**	**31.12.2011** *pro forma*	**31.12.2011**
Italy	**66**	**53**	**53**
Greece	**1**	**21**	**21**
Turkey	**(3)**	**(10)**	**(10)**
Spain	**0**	**0**	**46**
Portugal	**1**	**0**	**0**
Central and Eastern European countries	**3**	**24**	**24**
Hungary	18	21	25
Romania	(15)	2	2
Others	0	0	(4)
Great Britain	**5**	**11**	**38**
Gan Outre-Mer	**1**	**5**	**5**
Direct International (Clickseguros and Poland)	**0**	**0**	**(19)**
Clickseguros	0	0	(14)
Poland	0	0	(5)
China	**2**	**(3)**	**(3)**
Others	**4**	**1**	**1**
TOTAL	**80**	**102**	**156**

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

Details of net income, by entity, are as follows:

Net profit *(in millions of euros)* (1)	**31.12.2012**	**31.12.2011** *pro forma*	**31.12.2011**
Southeast Europe	**16**	**(186)**	**(186)**
Italy	4	(85)	(85)
Greece	9	(89)	(89)
Turkey	2	(12)	(12)
Southwest Europe	**3**	**(3)**	**35**
Spain	0	0	38
Portugal	0	(4)	(4)
Others	4	1	1
Central and Eastern European countries	**(16)**	**0**	**0**
Hungary	6	(2)	(2)
Romania	(23)	1	1
Others	0	0	0
Great Britain	**2**	**7**	**37**
Gan Outre-Mer	**2**	**1**	**1**
China	**2**	**(3)**	**(3)**
Direct International (Clickseguros & Poland)	**0**	**0**	**(20)**
TOTAL	**9**	**(183)**	**(135)**

(1) Excluding earnings from the Holding business.

(a) Italy

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

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

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

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

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

The underwriting result in life and health insurance amounted to -€22 million. It was marked by increased provisions on 2011 delayed claims. However, the portfolio's recovery policy yielded results with an improvement of 8.3 points and 14.1 points respectively in the current claims ratio in health and protection. The recording of a deficit for unprofitable health policies terminated at the end of 2011 was the source of the deteriorated result. The life insurance underwriting result was stable in 2012.

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

(b) Greece

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

The property and casualty insurance business was down 12.3% at €106 million. Passenger car premium income decreased by 11.6% in a market suffering the effects of the economic crisis (decrease in the number of insured vehicles and reduction of coverage taken out by policy holders). In this adverse setting, various actions were undertaken to adapt to these new market conditions (offers targeted by geographic area, for example) and maintain profitability. Issues on the home insurance segment were also down (-14.4%) for these macroeconomic reasons.

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

Groupama Phoenix economic operating income totalled +€1 million as at 31 December 2012 compared to +€21 million as at 31 December 2011.

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

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

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

(c) Turkey

The premium income of the Turkish subsidiaries, Groupama Sigorta and Groupama Emeklilik, increased by 3.0% to €398 million as at 31 December 2012. However, this trend hides disparities depending on the segments.

Property and casualty insurance premium income (€318 million) saw growth of 7.5%, supported by the growth of the passenger car segment (+17.7% in both third-party liability and damage, where the average premium increased by +11%). However, the decrease in the agricultural risk segment (-13.7% including Tarsim) tempered this trend.

The life and health insurance business (€79 million) posted a decrease of 12.0%, under the effect of voluntary terminations of unprofitable group health policies (-61.9%). Against this backdrop, the Group protection segment's growth (+27.6) should be emphasised. It benefited from the good performance of the credit life insurance of the partner TKK and a new bancassurance agreement.

The economic operating income of the Turkish subsidiaries recovered significantly, even though it was still negative at -€2.5 million compared to a loss of -€10 million as at 31 December 2011. This included the share of the Günes subsidiary's profit (under the equity method in the Group's financial statements) totalling +€3.1 million as at 31 December 2012, compared to +€1.4 million as at 31 December 2011. The economic operating income of Groupama Sigorta and Groupama Emeklilik amounted to €6 million as at 31 December 2012.

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

The underwriting result of life and health insurance, which yielded a loss in 2011, yielded a profit in 2012 and improved by €13.1 million thanks to, on the one hand, the recovery of the health insurance portfolio following a policy of terminations recalled above, which improved the health/bodily injury net combined ratio (6.8 points to 105.3% in 2012) and, on the other hand, the increase in the underwriting margin of the protection portfolio of Groupama Emeklilik (credit life insurance in particular).

The net income of the Turkish subsidiaries thus became slightly positive (+€2 million) as at 31 December 2012 compared to a loss of -€12 million as at 31 December 2011. As at 31 December 2012, it incorporates property capital gains (+€4.0 million) and a portfolio amortisation expense (€2.4 million).

(d) Portugal

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

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

(e) Tunisia

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

(f) Hungary

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

Property and casualty insurance premium income (€138 million) fell by 6.3%. The passenger car segment (-16.89%) suffered from strong price competition from certain market players, while the fleet segment (-33.0%) suffered the consequences of measures to improve the portfolio. The agricultural risk segment's good performance (+12.9%) mitigated the overall decline in the property and casualty insurance business.

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

The economic operating income of Groupama Biztosito (including business of Slovakian subsidiaries) amounted to +€18 million as at 31 December 2012 compared to +€21 million as at 31 December 2011.

The property and casualty combined net ratio amounted to 97.6%, up 6.6 points compared to the previous period. The current claims ratio improved very slightly to 50.3% because of a more favourable claim ratio on agricultural risks as well as on business protection, while the passenger car segment suffered from the decrease in the average premium in a deteriorated economic environment. The home insurance segment performed well again despite a slightly more unfavourable atmospheric claims ratio. Vehicle fleets saw terminations, but their claims ratio still remained insufficiently recovered. Changes over previous years were down by €3.3 million compared to 2011. However, because of a less favourable contribution from reinsurance coverage, the reinsurance ratio worsened, weighing unfavourably by 2.7 points on the combined ratio.

The underwriting result of life and health insurance remained unprofitable (-€2.3 million) but strongly improved compared to the previous period (+€5.7 million) thanks to a more favourable product mix (development of unit-linked products).

The Hungarian subsidiary saw a decrease of 10.1% in its overhead expenses excluding commissions thanks to a rigorous policy of controlling its spending.

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

(g) Romania

Premium income of the Romania subsidiary Groupama Asigurari rose by 12.1% to €181 million as at 31 December 2012.

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

Life and health insurance premium income (€11 million) was down 17.9% because of discontinued subscription of a part of the portfolio (financial risks).

Groupama Asigurari's economic operating income was loss of -€15 million compared to a profit of +€2 million as at 31 December 2011.

The net combined ratio of property and casualty insurance amounted to 117.6% as at 31 December 2012 compared to 102.3% as at 31 December 2011, with an increase in the claims ratio of 9.9 points. This deterioration is related to poor economic conditions. It resulted in a slowdown in business, a pronounced decrease in the motor segment's underwriting profitability and an increase in fire claims. In particular, the motor third-party liability segment, negatively affected by a very competitive environment and legislation more favourable to victims, experienced a significant technical deterioration due to the rise of bodily injury claims. Measures for enhanced selection and termination of the portfolio are in progress to correct this situation. At the same time, the subsidiary initiated an effort to reduce overhead expenses (excluding commissions), which decreased by 1.2% in a context of sharply increased business.

The life and health insurance underwriting result remained stable and close to breakeven.

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

(h) Bulgaria

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

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

(i) Great Britain

Groupama UK Broking Services posted net income of +€2 million in 2012, compared to +€7 million in 2011. It includes the portfolio value amortisation expense of brokers (-€3.5 million).

(j) Gan Outre-Mer

Gan Outre-Mer's premium income rose by 8.0% to €110 million as at 31 December 2012.

The property and casualty insurance business increased 7.6% and amounted to €102 million, supported by the growth of the motor (+7.1% including fleets) and home insurance segments (+7.0% particularly under the effect of price increases and a marketing campaign on the Pacific region). The business protection segment's good performance should also be noted (+6.1%).

Life and health insurance premium income (individual health) amounted to €7 million, up 14.7% compared to 31 December 2011.

Gan Outre-Mer's economic operating income totalled +€1 million in 2012 compared to €5 million in 2011.

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

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

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

Gan Outre-Mer's net income totalled +€2.5 million in 2012, compared to +€1 million in 2011.

(k) China

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

5.1.4.4 Financial and banking activities

Premium income *(in millions of euros)*	31.12.2012	31.12.2011
Groupama Banque	125	123
Asset management	138	142
Employee savings	5	7
TOTAL	**269**	**271**

Net banking income *(in millions of euros)*	31.12.2012	31.12.2011
Groupama Banque	84	97
Asset management	130	135
Employee savings	10	10
TOTAL	**225**	**242**

Net result of financial and banking activities *(in millions of euros)*	31.12.2012	31.12.2011
Groupama Banque	(18)	(17)
Asset management	19	20
Others	5	4
TOTAL	**6**	**7**

(a) Groupama Banque

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

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

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

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

(b) Asset management

Premium income from asset management subsidiaries totalled €138 million as at 31 December 2012, a drop of -2.3%. This change came from both the decline in Groupama Asset Management revenue over the period (-1.6% in connection with the decrease in external services) but also the decrease in the activity of Groupama Private Equity over the period (-8.5%). Their net banking income was down by 3.2% at €130 million.

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

These subsidiaries' economic operating income stood at +€19 million in 2012 compared to +€20 million in 2011.

(c) Groupama Épargne Salariale

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

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

(d) Groupama Immobilier

The economic operating income of Groupama Immobilier, the Group's real estate asset management subsidiary, totalled €6 million in 2012, compared to €4 million in 2011.

5.1.4.5 Groupama SA and holdings

Holding companies' economic operating income *(in millions of euros)*	31.12.2012	31.12.2011
France	(144)	(78)
International	(3)	(2)
TOTAL	**(147)**	**(81)**

Holding companies' net income *(in millions of euros)*	31.12.2012	31.12.2011
France	(214)	(64)
International	(3)	(2)
TOTAL	**(217)**	**(66)**

We note that Groupama SA is the parent company of the Group. It serves as a holding company and thus directs the combined group's operating activities. It is the focal point for internal and external financing. The expenses allocated to that activity correspond to the percentage of costs and expenses of executive management, functional departments and shared, non-underwriting expenses.

The holding companies' economic operating income was -€147 million in 2012, compared to €81 million in 2011. This change masks several contrary items:

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

Holding company income was a loss of -€217 million in 2012 compared to -€66 million in 2011. The non-recurring financial margin down -€58 million resulted from lower capital gains realised in 2012.

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

Net result *(in millions of euros)*	31.12.2012	31.12.2011 *pro forma*	31.12.2011
Total Insurance France	250	(1,609)	(1,669)
Total Insurance International	9	(183)	(135)
Financial and banking activities	11	7	7
Holding activities	(217)	(66)	(66)
Accretion effect, minority UCITs, Cegid	4	(3)	(3)
Results excluding restructuring	**56**	**(1,855)**	**(1,866)**
Net result of discontinued operations	**(334)**	**(11)**	
Gan Eurocourtage	(153)	(60)	
Spain	(23)	24	
GICL	(136)	30	
Lark	(15)		
Poland	(7)	(5)	
Non-recurring operations	**(46)**		
Goodwill impairment	**(298)**	**54**	**54**
TOTAL NET RESULT GROUPAMA SA	**(622)**	**(1,812)**	**(1,812)**

In 2012, goodwill impairment was an expense of -€298 million noted mainly on the CGU of Central and Eastern Europe (-€259 million mainly involving Romania).

In 2011, goodwill impairment in the amount of -€90 million (including -€39 million in connection with Greece and -€51 million on the Central and Eastern European cash generating unit (CGU) for Romania) had been recorded in the financial statements.

5.1.4.6 Consolidated balance sheet

As at 31 December 2012, the Groupama balance sheet total was €87.9 billion, compared to €89.4 billion in 2011, a decline of 1.6%.

(a) Goodwill

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

(b) Other intangible assets

Other intangible assets totalling €486 million as at 31 December 2012 (*versus* €626 million in 2011) are composed primarily of amortisable portfolio securities (€248 million) and computer software. Their decrease is also related to the disposal of various industrial assets.

(c) Investments (including unit-linked investments)

Insurance investments totalled €71.9 billion in 2012 compared to €67.7 billion in 2011, up 6.2%. This change is explained by trends on the equity markets (the CAC40 grew by 15.2% during 2012) and the rate environment marked by a low level on the OAT (1.99% in 2012 compared to 3.15% in 2011) and by a pronounced relaxation on peripheral sovereign assets of the eurozone.

Thus, the Group's unrealised capital gains (including real estate) grew by €5.7 billion to +€4.3 billion (compared to -€1.4 billion at the previous close). All asset allocations contributed to this change. It should be recalled that under IFRS, bond assets and equities are recorded at market value (the concept of unrealised capital gain defined above corresponds to the difference between the amortised acquisition value and the market value of this asset).

By asset allocation, unrealised capital gains are broken down into +€2.2 billion on bonds, +€0.4 billion on equities and +1.7 billion on property.

Unrealised capital gains on financial assets (excluding real estate assets) totalled +€2.6 billion (gross value), with +€0.4 billion attributable to shareholders (after profit sharing and taxes), compared to -€0.9 billion as at 31 December 2011. The amounts are recorded on the financial statements as a revaluation reserve. Unrealised capital losses on real estate assets attributable to the Group (net of tax, deferred profit sharing and minority interests) totalled €0.4 billion as at 31 December 2012, compared to €0.8 billion as at 31 December 2011. The Group has chosen to recognise investment and operating property using the amortised cost method. Unrealised capital gains on real estate assets are thus not recorded for accounting purposes. This decrease is the result of the real estate asset disposal programme carried out in 2012.

(d) Shareholders' equity

As at 31 December 2012, Groupama consolidated shareholders' equity totalled €3.7 billion *versus* €2.9 billion as at 31 December 2011.

This decrease can be summarised as follows:

SHAREHOLDERS' EQUITY AT START OF 2012	2,933
Change in revaluation reserve: fair value of AFS assets	6,236
Change in revaluation reserve: shadow accounting	(4,431)
Change in revaluation reserve: deferred tax	(497)
Goodwill	69
Others	(33)
Result	(622)
SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2012	3,655

(e) Subordinated liabilities, financing and other debts

Total subordinated and external debt was €1.9 billion as at 31 December 2012 *versus* €2.1 billion as at 31 December 2011.

As at 31 December 2012, subordinated debt amounted to €1,238 million compared to €1,245 million over the previous period.

The Group's external debt totalled €684 million, compared to €888 million, down €204 million compared to 31 December 2011.

(f) Technical reserves

Gross technical reserves (including deferred profit sharing) totalled €68.8 billion, compared to €72.3 billion as at 31 December 2011.

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

(g) Contingent liabilities

Contingent liabilities totalled €447 million in 2012, up by 4.1% compared to 2011, and involve primarily pension commitments under IAS 19.

5.1.5 SOLVENCY/DEBT

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

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

Groupama's debt-to-equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 42.4%, compared to 41.3% in 2011.

5.1.6 CONTROL OF RISKS

Risk management is addressed in the internal control report of this registration document.

5.1.7 FORWARD FINANCIAL INSTRUMENTS POLICY

5.1.7.1 Interest rate risk

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

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

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

Interest rate swap: the strategy may also consist of transforming a fixed-rate bond into a variable rate, either on a security held or new investments. Their objective is to limit the capital loss recognised because of an increase in interest rates in case of partial liquidation of the bond portfolio for the payment of benefits.

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

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

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

5.1.7.2 Foreign exchange risk

Ownership of international shares entails dollar and yen foreign exchange risk, which can be hedged through forward sales. These forward sales are terminated as the underlyings are disposed of or are renewed to hedge the residual underlyings.

The currency risk on the Hungarian forint was partially hedged in 2012. Opportunities to hedge this risk will continue to be monitored in 2013.

As with interest rate risk, all over-the-counter transactions are secured by a "collateralisation" mechanism with Groupama SA's top tier banking counterparties.

5.1.7.3 Equity risk

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

5.1.7.4 Credit risk

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

5.1.8 ANALYSIS OF THE ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR

5.1.8.1 Earnings

Earned premiums totalled €2,368.1 million, up 9.7% compared to 2011, when they were €2,159.2 million. They came primarily from contributions received from the regional mutuals (€2,002 million), contributions from the Group's subsidiaries (€192.2 million), as well as contributions related to direct business (€67.9 million), up compared to 2011 (€9 million) because of the residual activities of Gan Eurocourtage taken over by Groupama SA following the merger in 2012.

Claims expenses (including claims management fees), annuities and other underwriting reserves totalled €1,758.6 million, an increase of €451.6 million (+34.6%). This change comes from an increase in the claims ratio of the fiscal year mainly on inward reinsurance of the regional mutuals (motor vehicle liability claims, weather events in 2012 and water damage resulting from the February freeze) but also for the reinsurance of subsidiaries (particularly the earthquake in Italy).

The balance of outward reinsurance and retrocessions was an expense of €172.5 million, down €83.4 million compared to 2011, which is explained mainly by the increase in claims transferred and retroceded for inward reinsurance of the regional mutuals, particularly because of the worsening of the excess claims ratio in basic risks and increased provisions in natural disasters related to the 2011 drought.

After taking into account the commissions on accepted reinsurance totalling €394.7 million, the net underwriting margin was €53.8 million, down by €176.3 million over 2011 (income of €230.1 million).

Groupama SA's total operating expenses were €260.9 million, compared to €319.3 million in 2011 (-18.3%).

Given the financial results allocated by law to underwriting reserves (-€304.4 million), Groupama SA's underwriting result in 2012 was a loss of -€511.4 million (21.4% of earned premiums), compared to a loss of €174.6 million in 2011.

Total financial results represented a net expense of €578.5 million, compared to a net expense of €189.1 million in 2011. They are mainly made up of dividends of the subsidiaries and shareholdings (€101.5 million), income on other assets (€71.7 million), loan charges (€138.4 million), capital losses from disposal net of write-backs of provisions on the disposed securities (€209 million) and changes in financial provisions (-€408.1 million resulting mainly from allocations to provisions for depreciation on the Group's subsidiaries).

Exceptional items represented a net expense of €23.8 million compared to net expense of €21 million in 2011. It includes the net income of €92 million generated from disposals of brokerage and transport portfolios (price of disposals minus price adjustments of the transport portfolio, the deficit recognised at the time of the takeover of Gan Eurocourtage by Groupama SA and professional fees incurred in carrying out the disposals) and expenses related, in particular, to VDPs initiated at Groupama SA and G2S (-€29.3 million), the provision on the pension fund taken over from GICL (-€24.7 million) and the additional provision on the securities of Groupama Asigurari (-€45.3 million).

The "Taxes" item represents income of €129 million, which includes tax savings realised by the Group from the tax consolidation, retained by Groupama SA in its capacity as head of the tax group. Note that Groupama SA paid a corporate tax contribution of €42.4 million for the capital gain realised on the disposal of Silic stock (€206.9 million) taxed at the reduced rate of 19%.

The net income for the fiscal year was thus a loss of €696.6 million compared to a loss of €235.7 million in 2011.

5.1.8.2 Balance sheet

The Groupama SA 2012 balance sheet totalled €11,952 million, down €281.9 million compared to 2011.

Shareholders' equity totalled €2,658.2 million as at 31 December 2012, compared to €3,370.8 million as at 31 December 2011. The change in shareholders' equity for the fiscal year is explained mainly by the deterioration of the result for the fiscal year, which consisted of a loss of €696.6 million (loss of €235.7 million in 2011, or a decrease in the result of €460.9 million).

Gross underwriting reserves reached €4,296.5 million, up €902.7 million (+26.6%) compared to year-end 2011. They represent 181.4% of earned premiums. Underwriting reserves ceded and retroceded totalled €1,083.5 million, up €478.8 million.

Contingent liabilities totalled €197.9 million, up €94.7 million compared to 2011. This change mainly includes the provisions for the VDPs initiated at Groupama SA and G2S (overall allocation of €29.3 million), the provision for the pension fund taken over from G.I.C.L. (allocation of €24.7 million) and the additional provision recognised on Groupama Asigurari securities (allocation of €45.3 million).

Debts amounted to €2,561.0 million, down by €552.7 million in relation to 2011 (€3,113.8 million), explained particularly by Groupama SA's repayment of certain loans (taken out with Groupama Gan Vie for €625 million and banking institutions for €800 million). However, the impact of these repayments is lessened by internal borrowing within the Group (€97 million) and the €650 million renewal on a credit line with a banking pool.

The largest asset item on Groupama SA's balance sheet consists of investments, whose net book value was €9,906 million (including differences between bond repayments payable and receivables associated with investments). Strategic assets represented 76.5% of total assets and include equity investments (€6,798 million) and intra-group loans (€785 million).

In realisable value, Groupama SA investments totalled €11,457 million, including unrealised capital gains of €1,552 million, primarily from strategic intra-group equity interests (€1,526 million).

5.1.8.3 Income for the year and proposed allocation

Prior to approving the financial statements for the fiscal year, we ask that you take note of the deduction made on 31 December 2012 on Retained Earnings of €10,707,458.16, for the additional contribution to the one-time tax on the total capitalisation reserve, pursuant to the provisions of the Finance Act for 2013, which moved Retained Earnings to a credit amount of €1,394,769,839.39.

We recommend that you allocate the year's loss, in the amount of €696,605,564.30, to the retained earnings account with a credit of €1,394,769,839.39, which would thus reduce the credit amount to €698,164,275.09.

To meet the provisions of Article 243 bis of the French General Tax Code, distributions for the past three fiscal years were as follows:

Fiscal years	Total dividends distributed	Total dividends distributed eligible for reduction	Total dividends distributed not eligible for reduction
2011	-	-	-
2010	€104,181,645.60	€93,457.35	€104,088,188.25
2009	€104,181,645.60	€98,555.85	€104,083,089.75

5.1.9 DISCLOSURES ON SHARE CAPITAL

5.1.9.1 Shareholders

In compliance with Article L. 233-13 of the French Commercial Code, and taking into account the information received pursuant to Articles L. 233-7 and L. 233-12 of said Code, we cite below the identity of the individuals and/or legal entities directly or indirectly holding, as at the close of the last fiscal year, more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds or nineteen-twentieths of the Company's share capital or voting rights at the General Meetings:

- Groupama Holding

  90.96% of share capital and 90.95% of voting rights.
- Groupama Holding 2

  8.99% of share capital and voting rights.

5.1.9.2 Employee shareholders

Pursuant to the provisions of Article L. 225-102 of the French Commercial Code, we note that the employees, former employees and officers of the Company held 0.05% of the share capital of Groupama SA as at 31 December 2012 and 0.06% of voting rights.

5.1.10 INFORMATION REGARDING COMPANY OFFICERS

5.1.10.1 Directors' compensation

In accordance with the provisions of Article L. 225-102-1 of the French Commercial Code, we report below the total compensation and benefits of any kind paid to each Director during the financial year, both by the Company and by the companies controlled by the Company in the sense of Article L. 233-16 of the Commercial Code. During the year, payments were as follows:

- Mr Jean-Luc Baucherel, Chairman and Director until 14 December 2012: gross annual compensation (including benefits in kind) paid by the Company to him in his capacity as Chairman of the Board of Directors: €312,736 (gross annual compensation of €247,886, retirement benefit of €33,713 and housing allowance of €31,137);
- Mr Jean Baligand, Director until 11 April 2012: Directors' fees paid by the Company: €60,550 and Directors' fees paid by Groupama Holding: €12,300;
- Mr Jean-Marie Bayeul: Directors' fees paid by the Company: €74,656 and Directors' fees paid by Groupama Holding: €55,059;
- Mr Michel Baylet: Directors' fees paid by the Company: €91,432 and Directors' fees paid by Groupama Holding: €60,319;
- Ms Annie Bocquet: Directors' fees paid by the Company: €74,656 and Directors' fees paid by Groupama Holding: €74,972;
- Ms Anne Bouverot: Directors' fees paid by the Company: €82,424;
- Mr Daniel Collay, Director since 30 May 2012: Directors' fees paid by the Company: €14,848 and Directors' fees paid by Groupama Holding: €33,636;
- Mr Amaury Cornut-Chauvinc: Directors' fees paid by the Company: €88,382 and Directors' fees paid by Groupama Holding: €74,972;
- Mr Jean-Yves Dagès: Directors' fees paid by the Company: €103,632 and Directors' fees paid by Groupama Holding: €66,676;
- Ms Marie-Ange Debon, Director until 29 May 2012: Directors' fees paid by the Company: €70,733;
- Mr François Desnoues, Director until 10 May 2012: Directors' fees paid by the Company: €47,342 and Directors' fees paid by Groupama Holding: €18,433;

- Ms Caroline Grégoire Sainte Marie: Directors' fees paid by the Company: €129,700;
- Mr Michel Habig, Director until 30 May 2012: Directors' fees paid by the Company: €43,783;
- Mr Frédéric Lemoine, Director until 15 March 2012: Directors' fees paid by the Company: €69,700;
- Mr Jean-Louis Pivard, Director since 25 April 2012: Directors' fees paid by the Company: €21,981 and Directors' fees paid by Groupama Holding: €42,813;
- Mr Bruno Rostain, Director since 2 August 2012: Directors' fees paid by the Company: €8,029;
- Mr François Schmitt: Directors' fees paid by the Company: €71,606 and Directors' fees paid by Groupama Holding: €55,059;
- Mr Philippe Vassor, Director until 2 August 2012: Directors' fees paid by the Company: €96,675;
- Mr Jérôme Zanettacci, Director until 30 May 2012: Directors' fees paid by the Company: €43,783;
- Mr Thierry Martel: gross annual compensation (including benefits in kind) received for his duties as Chief Executive Officer within the Group: €682,606 (gross annual compensation €600,000, variable compensation €46,000, medical care, protection savings, death benefit and unemployment insurance for entrepreneurs and company owners: €36,606) and retirement contract awarded to members of the Groupama SA Steering Committee;
- Mr Christian Collin: gross annual compensation (including benefits in kind) received for his duties as Deputy Chief Executive Officer within the Group: €547,463 (gross annual compensation €500,000, variable compensation €10,000, medical care, protection savings, death benefit and unemployment insurance for entrepreneurs and company owners: €37,463) and retirement contract awarded to members of the Groupama SA Steering Committee.

Lastly, the cumulative gross annual compensation (including profit sharing and benefits in kind) for members of the Groupama SA Steering Committee totalled: €4,608,110. The total liability for retirement contracts as of 31 December 2012 was €30,349,035.

5.1.10.2 Terms of office and duties performed by Directors

A list of the duties and functions carried out during the year in all companies by the Chairman of the Board of Directors, the Directors, the Chief Executive Officer and the Deputy Executive Officer appears in paragraphs 3.1.2 and 3.1.3.

5.1.10.3 Approval of the appointment of three Directors

We recommend that you approve the appointment of:

- Mr Daniel Collay in his capacity as Director, which occurred at the meeting of 30 May 2012, to replace Mr François Desnoues, who resigned, for the remaining duration of his term of office, *i.e.*, until the Ordinary General Meeting convened in 2015 to approve the financial statements for fiscal year ending 31 December 2014;
- Mr Bruno Rostain in his capacity as Director, which occurred at the meeting of 2 August 2012, to replace Mr Philippe Vassor, who resigned, for the remaining duration of his term of office, *i.e.*, until the Ordinary General Meeting convened in 2017 to approve the financial statements for fiscal year ending 31 December 2016;
- Mr Michel L'Hostis in his capacity as Director, which occurred at the meeting of 17 January 2013, to replace Mr Jean-Luc Baucherel, who resigned, for the remaining duration of his term of office, *i.e.*, until the Ordinary General Meeting convened in 2015 to approve the financial statements for fiscal year ending 31 December 2014.

5.1.10.4 Determination of the amount of the attendance fee

We recommend maintaining the total annual attendance fees at a maximum of €1,045,000 to be divided among the Directors for 2013 and beyond.

5.1.11 FINANCIAL AUTHORISATIONS

Attached to this report, pursuant to Article L. 225-100, paragraph 7 of the French Commercial Code, is a summary table of the delegation of competence and authority granted by the Shareholders' Meeting to the Board of Directors to increase the share capital pursuant to Articles L. 225-129-1 and L. 225-129-2 of said Code.

It is proposed that you renew certain financial authorisations previously granted by the General Meetings of 25 May 2011 and 30 May 2012 expiring during fiscal year 2013 intended to allow the Company's Board of Directors to have the necessary financial flexibility and not renew the financial authorisation that were related to the planned public offering of capital, which has since been abandoned.

For some of these authorisations, the reports of the Company's statutory auditors will be presented to you in accordance with current legal and regulatory provisions.

The following would thus be renewed:

- the authorisations for issue without preferential subscription rights reserved for Groupama Holding, Groupama Holding 2 and certain categories of people (10th, 11th and 12th Resolutions);
- the capital increase by capitalisation of premiums, reserves, profits, etc. (13th Resolution);
- the capital increase to compensate contributions in kind (14th Resolution);
- the issue reserved for members of the Group savings plan (15th Resolution);
- as well as the authorisation for free allocation to employees of existing shares or shares to be issued (16th Resolution).

Three of the resolutions proposed for renewal have a duration of 18 months; all others have a duration of 26 months. The previously adopted ceilings have been maintained, particularly the overall ceiling set at €1.1 billion in nominal value.

However, the renewal of authorisations related to the public offering of capital is not proposed to you, namely:

- the issue without preferential subscription rights by way of public offering;
- the issue as part of the implementation of the over-allocation option;

if not renewed, these financial authorisations will expire in July 2013;

- the authorisation for the Company to purchase its own shares, which expired in November 2012;
- the reduction of capital by cancelling self-held shares, which expires in May 2013.

Within this context, we propose that you grant the following authority to the Board of Directors:

- in order to increase the share capital by issuing shares and/or securities giving access to the Company's capital reserved for Groupama Holding (10th Resolution) and/or Groupama Holding 2 (11th Resolution) and/or certain categories of people belonging to the Groupama group (12th Resolution), namely: (i) the elected representatives of the local and/or regional mutuals; (iii) the employees and Managers or company officers provided for in Article L. 3332-2 of the French Labour Code, businesses linked to the Company as defined in Articles L. 3344-1 and L. 3344-2 of that Code, who or which are not beneficiaries of the issues effected pursuant to the 15th Resolution proposed to this General Meeting, and/or; (iii) the persons and/or the employees and Managers or company officers of companies not referred to above but who meet the criteria referred to in the first paragraph of Article L. 3344-1 referred to above and/or; (iv) UCITS or other employee shareholding bodies holding investments in the Company's securities, whose share owners or shareholders are composed of the persons referred to in (ii) and (iii) of this paragraph and/or the beneficiaries of the 15th Resolution proposed to this General Meeting.

  The delegation of authority will be granted for a period of 18 months from the day of the meeting, up to a maximum par value of €1.1 billion; it will replace the delegation of authority awarded by the General Meeting of 30 May 2012.

  The issue price of the directly issued shares shall at least equal shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date, and the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issuance of those equity securities, be at least equal to the minimum subscription price defined for the directly issued shares;
- in order to increase the share capital by capitalisation of profits, premiums or reserves (13th Resolution), in the form of either elevation of the nominal value of the shares or free allocation of shares or the joint use of these two processes. The authorisation would be given for a maximum par value of €400 million, with this authorisation being the only one not subject to the global ceiling. This delegation of authority will be granted for a period of 26 months after this date, and will replace the one granted by the General Meeting of 25 May 2011;
- in order to increase the share capital, by issuing shares and/or securities, without preferential share rights in compensation of contributions in kind (14th Resolution) pertaining to equity securities or securities giving access to the capital. This delegation of authority will be awarded for a period of 26 months after this date, up to a maximum of 10% of the Company's capital; it will replace the delegation of authority granted by the General Meeting of 25 May 2011.
- in order to increase the share capital, by issuing shares and/or equity securities in the Company reserved for members of savings plans (15th Resolution), eliminating their preferential share rights. This resolution will be reserved to employees of Groupama SA, its French and foreign subsidiaries, and regional mutuals that are members of a savings plan. The delegation of authority will be granted for a period of 26 months after this date, up to a maximum par value of €150 million; it will replace the delegation of authority awarded by the General Meeting of 30 May 2012.

  By nature, this waiver involves the waiver by shareholders of their preferential share right in favour of the beneficiaries in question. The share subscription price will be determined in accordance with Article L. 3332-20 of the French Labour Code and will be equal to at least 80% of the Reference Price (as defined hereunder) or, if the period of unavailability stipulated by the plan in accordance with Articles L. 3332-25 and L. 3332-26 of the Labour Code is more than or equal to 10 years, to at least 70% of the Reference Price. The Reference Price is defined as the price determined in accordance with the objective methods used to value shares, taking into account, according to a weighting appropriate for each case, the net accounting position, profitability and business outlook of the Company in accordance with the provisions of Article L. 3332-20 of the French Labour Code;
- in order to carry out free allocations of existing shares or shares to be issued to categories of employed staff of the Group or of some of them (16th Resolution), within the legally defined limit of 10% of the capital as at the day of the allocation decision. The duration of this delegation of authority will also be 26 months as of this day and will replace the one granted by the General Shareholders' Meeting of 25 May 2011.

5.1.12 EXPIRY OF AMENDMENTS TO THE BYLAWS RELATED TO THE PUBLIC OFFERING OF CAPITAL

Lastly, for reasons of visibility and consistency, it is proposed that you rule (9th Resolution) on the expiry of all amendments to the Groupama SA bylaws that had been decided on by the Extraordinary General Meetings of 29 June 2006 and 28 May 2008 under the condition precedent of the admission of the shares on a regulated market. These new articles of the bylaws would have automatically entered into force on the day of the listing. As a reminder, these amendments to the bylaws particularly pertained to:

- the form of the shares, which could be registered or bearer shares;
- the ability to identify future bearer shareholders as part of an "identifiable bearer security" procedure with the central depository;
- the introduction of statutory thresholds beyond which any shareholder who crosses them must inform the Company, under penalty of deprivation of voting rights for the portion exceeding the threshold subject to declaration.

5.1.13 SOCIAL AND ENVIRONMENTAL INFORMATION

5.1.13.1 Social information

(a) Employment

The workforce of the consolidated scope [1] as at 31 December 2012 had 17,142 employees. This is lower than at 31 December 2011 because of the implementation of programmes aiming to improve the solvency and economic situation of the Group and particularly the disposals of subsidiaries (Groupama Seguros in Spain, Groupama Seguros in the United Kingdom) or businesses (property and casualty brokerage and transport).

The breakdown of employees by gender, age and geographic area is as follows:

- 55.9% women and 44.1% men;
- 14% of employees are under age 30, 57.2% are between 30 and 49 and 28.8% are age 50 or over;
- 58% of the consolidated scope's workforce works in France and overseas and 42% in international locations.

The 2012 data show 2,895 new hires (all contract types combined – excluding summer contracts) and 2,867 permanent contract departures (excluding transfers), including 656 redundancies.

Regarding payroll, the 2012 data could not be consolidated at the time of the preparation of this document. For 2011, the payroll of the consolidated scope amounted to €777,512,160 [2] (including France €562,524,014). In 2010, the payroll from DADS France amounted to €522,026,233. The international scope was not consolidated in 2010.

(b) Organisation of work

The theoretical work time in the Group's companies in France is between 32 hours 42 minutes and 35 hours per week without any significant modification compared to 2011. On the entire consolidated scope, absenteeism amounted to 318,663 days [2] in 2011 (including 56% of absences for illness and 32% for maternity/paternity).

(c) Employee relations

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

European and Group Division in France

The European Works Council (EWC) met twice in 2012. It receives information in order to exchange views and engage in dialogue about transnational issues (Groupama projects and news, planned disposals, the accounts, etc.) It covers a European scope representing 33,045 employees as at 31 December 2012 (including 16,596 employees of the consolidated scope).

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

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

The Group Committee, a body for dialogue and thought, meets at least twice per year and receives information about the activity, financial position, employment trends and forecasts and economic prospects of the Group for the coming year. It covers a scope in France representing 26,398 employees as at 31 December 2012 (including 10,070 employees of the consolidated scope).

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

As of the end of 2012, the agreement of 21 April 1999 relating to the Groupama/Gan Group Committee was under renegotiation, which should continue in 2013.

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

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

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

Groupama Social Development Unit (UDSG)

The Groupama Social Development Unit (UDSG) is an association governed by the French law of 1901 that groups together the 20 companies of the agricultural mutual insurance scope (Groupama SA, regional mutuals, Groupama Support & Services, etc.), or 19,184 employees in December 2012, including 3,286 employees of the consolidated scope.

Economic and Social Unit Division

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

(1) The consolidated scope includes all subsidiaries of the Group, in France and abroad, excluding CapsAuto, Présence Verte, Cofintex, FMB, Centres Centaures, CIGAC, Cibama, SGPS, GIE Groupama Gan Pacifique, GISB, Poland, China and Vietnam. It does not include the regional mutuals.

(2) On a scope of 99.7% of the consolidated scope's workforce.

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

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

It is also informed about various topics.

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

- agreement relating to professional gender equality within establishments of the UES signed on 7 March 2012;
- memorandum of agreement relating to the Central Works Council of the UES signed on 7 March 2012;
- framework agreement relating to voluntary department plans within establishments of the UES signed on 26 October 2012.

Assessment of collective agreements:

64 collective agreements were entered into in 2012 involving all companies of the consolidated scope (including 52 in French companies). The topics of these agreements concern:

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

(d) Health and safety

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

The agreement mainly focuses on the following areas:

- consolidate, at the Group level, as part of an annual assessment, indicators making it possible to detect the risks of ill-being at work (absenteeism, accidents at work, unusual schedules, etc.);
- establish prevention actions in order to train Directors, Managers and all employees on psychosocial risks; raise awareness about improving workplace well-being, conduct actions for prevention and support for employees in case of public incivility or aggression;
- offer mechanisms for internal regulation including a PSYA psychological counselling centre open to all employees and a mechanism to seek a concerted solution for any event likely to affect the physical and/or mental health of an employee;
- create a Group Quality of Life at Work Committee: this joint committee, a place for discussion and recommendations, examines the "quality of life at work" component of structuring projects presented to the Group Committee. It is informed of the implementation, deployment and monitoring of these major projects, any impacts on working conditions and implemented HR support.

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

The purpose of the commission for monitoring the Group agreement on quality of life at work is to monitor the application of the Group agreement on the same subject (presentation of an annual assessment with the indicators of the agreement and the actions taken).

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

In 2011 [1], 134 workplace and commuting accidents resulting in a work stoppage were identified. The frequency rate of these accidents was 8.23, and the severity rate was 0.39. On this same scope, two occupational illnesses were reported to social security in 2011.

(e) Training

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

However, the Group wished to include professional training as part of a negotiation at the France level currently in progress.

The objective involves:

- establishing a framework for professional training for group companies in order to:
  - harmonise practices within the Group,
  - and adapt them to legislative and regulatory changes in this area;
- bringing back training as a growth tool common to the companies and employees of the Group. It constitutes a way to update and acquire skills allowing:
  - employees to consider professional growth and/or mobility,
  - companies to have the skills necessary for the strategic guidelines and the market;
- optimising the sources of funding for training by:
  - reminding of the existence of "external" sources of funding for training;
  - establishing training/professional development priorities consistent with the skill requirements in order to assert the distinctive features of the Group's companies with the OPCAs;
- establishing a monitoring system through indicators drawn from tax return 2483 relating to employer involvement in continuing professional training.

In this perspective, a situational analysis was carried out on the basis of the aforementioned tax return for 2011 [2]. It highlights statistics comparable to those of other companies of the insurance sector on the following main indicators at the Group level in France.

In France, on the consolidated scope in 2011:

- 4.2% is the rate of participation in professional training;
- 66.1% is the rate of access to continuing professional training;
- 67.2% is the rate of access to continuing professional training for female employees on this scope;
- 64.9% is the rate of access to continuing professional training for male employees on this scope;
- 263,915 training hours were provided;
- 34 training hours were provided on average per trainee.

(f) Equality of treatment

The Group Ethics Committee, made up of two Chief Executive Officers of regional mutuals, two members of the executive management of Groupama SA, as well as the Chief Executive Office and Deputy Chief Executive Officer of Groupama SA, meets twice per year, including once on the topic of equal opportunities.

As a socially responsible employer, the Groupama group and its companies write up their actions to prevent discrimination and promote diversity consistent with the CSR priority areas.

The Groupama group's commitment against discrimination and for diversity is particularly reflected by:

- its accession to the United Nations Global Compact. Effective since 7 February 2007, it commits the entire group to respect the ten principles of the Compact. Each year, Groupama publishes its "Communication on Progress" on the website of the United Nations Global Compact and presents the Group's actions in France and the renewal of its commitments;
- its accession to the Diversity Charter. Entered into on 26 June 2007, it commits the entire group in France to establish a policy favouring diversity;
- its accession to the Parenthood Charter dated 14 December 2010. It confirms the Group's commitments in France regarding professional gender equality. It promotes a better quality of life at work based on a rich social framework as well as the professional development of employees who are parents.

Groupama also continues its partnership with the Agefiph, signed on 18 November 2010, for the purpose of promoting professional inclusion and maintaining the employment of people with disabilities within the Group's companies in France. This partnership particularly allows job offers from the Group's companies appearing at www.groupama-gan-recrute.com to be posted on the Agefiph website.

(1) Source: 2011 UES consolidated labour assessment (46% of staff of the consolidated scope, 79% of staff of the consolidated scope in France).

(2) Use of tax return 2483 relating to funding of continuing training on 35 group companies for a total workforce of 27,505 employees as at 31 December 2011.

The Groupama group's commitment has been formalised since 24 October 2008 by the Group agreement relating to diversity and equal opportunities with the trade union organisations for an indefinite period. It seeks to ensure equal treatment among employees of the Group's companies in France, to prevent any form of discrimination in development and access to employment throughout the professional life and to promote equal opportunities. This agreement particularly covers the following:

- professional gender equality;
- maintaining the employment of senior workers;
- professional inclusion and maintaining the employment of people with disabilities;
- inclusion of young people in working life.

The deployment of the Group's Diversity policy is particularly related by the network of Diversity Correspondents in connection with the HRDs of the Group's companies in France.

Within each company of the Group in France, a Diversity Correspondent is appointed by the Human Resources Department or by the Company's management. This person is:

- guarantor of the implementation of the Group's diversity policy;
- special contact of the Group Diversity Correspondent;
- relay with the staff representative bodies, the expanded diversity committee and for action plans developed on this subject.

A group-level Diversity Correspondent appointed by the Group HRD implements the Group's policy regarding discrimination, promotion of diversity and equal treatment by ensuring that these topics are communicated and relayed internally by the local Diversity Correspondents.

The Diversity Correspondent has the following responsibilities:

- assist companies in the implementation of actions;
- ensure the proper appropriation and application of the Group's policy by the HR teams of the various companies and communicate the good practices of the Group's entities;
- promote the development of actions to raise awareness among all employees;
- ensure a role of mediation between Company Managers and the affected employees. Any dispute involving discriminatory statements, actions or attitudes may be brought before the Diversity Correspondent;
- present to the Group Committee an assessment relating to the implementation of the agreement within the entities, experiments conducted, as well as good practices identified in the various companies of the Group.

In 2012, the Diversity Network met particularly in order to:

- communicate about the Group's various partnerships;
- discuss the assessment of the 2011 national disability week;
- join the *Club handicap de l'assurance*;
- examine the interest of the participation of the Group's companies in various exhibitions, employment forums, events and diversity awards planned over the year;
- collaborate in the design of a guide entitled "Everyday management of diversity";
- discuss following interventions of professionals;
- take note of French social, legal and case-law news and projects in progress within the Group.

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

The following training was offered:

- "diversity awareness for management". The purpose of this training is to raise awareness among Managers, provide them with academic items necessary for diversity management, allow them to discuss discrimination and give thoughts about the interest and the challenges for the Company in dealing with this topic;
- "persons with disabilities: including them and keeping them employed". This training provides basic knowledge about the legislative and regulatory framework of employment of persons with disabilities, identifies the institutional and associative players of professional inclusion and defines criteria for success, inclusion and retention of employment.

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

In 2012, the members of the committee to monitor the Group agreement of 24 October 2008 underwent training on the legal obligations regarding non-discrimination in the Company. It aimed to allow them to prevent discrimination, identify prohibited practices, anticipate risks of litigation, secure HR processes and develop the right reflexes.

Measures taken to promote gender equality

With 52.3% women on permanent contracts within the consolidated scope in France as at 31 December 2012, Groupama considers gender equality to be a true asset for the Group. Pursuant to the aforementioned group agreement of 24 October 2008, the Group reaffirms its ambition to achieve a balanced representation of women and men. In order to achieve this goal, the companies have established a number of actions succeeding in the following positive developments:

At 31 December 2012, women represented in France:

- 45.5% of executives;
- 62.1% of non-executives;
- 25.5% of managing executives.

Within the Group in France at 31 December 2012:

- the "administrative" business line family accounted for 35.9% of women;
- *versus* 58.6% in the "sales" business line family.

In addition, on the "Insurance" scope of the consolidated scope, 4.6% of women were promoted in 2012.

5

Measures taken to promote employment and include persons with disabilities

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

- regularly communicates about disabilities internally with all employees through items posted online on the Kiosque [1] (articles, interviews, brochures, films, etc.) and externally (through guides, directories, press articles, participation in conferences, exhibitions and forums, intended for professionals or the general public);
- annually renews its partnership with ADAPT, the association behind the week for employment of persons with disabilities, in which the Group has participated for five years.

In 2011, the Group (France consolidated scope) reached an average rate of employment of 2.30% [2].

Out of the entire workforce of the consolidated scope in France at 31 December 2012, 256 employees had disabilities.

Retention of employment of senior workers

In a context of longer working lives, the Groupama group encourages revitalisation in the second part of its employees' careers and promotes a non-discriminatory age management policy.

Among the Group's companies in France, 19 action plans and 8 collective agreements have been entered into. They have mainly dealt with the following topics:

- recruitment and retention of employment of senior workers;
- improvement of their working conditions and prevention of burdens;
- anticipation of their career development;
- development of their skills;
- planning for the end of their career;
- transmission of their knowledge.

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

In France, the consolidated scope accounts for 31.5% of senior workers age 50 or more within its staff as at 31 December 2012 including:

- 45.5% of non-executives;
- 50% of executives;
- 4.3% of managing executives.

Among this same population:

- 18.4% work in an activity in a commercial business line family;
- 81.6% work in an activity in an "administrative" business line family;

(g) Promotion and respect of the stipulations of the related ILO fundamental conventions

Groupama reiterates its commitment to respect the stipulations of the ILO fundamental conventions in its ethics charter, deployed in all of its companies and brought to the knowledge of all of its employees.

5.1.13.2 Environmental information [3]

(a) General environmental policy

By virtue of our service businesses (insurance and banking), Groupama's direct impacts on the environment are limited: our businesses do not constitute threats to biodiversity, water or soil use. However, we have developed a policy to reduce our consumption (paper, water, energy), our CO_2 emissions and our waste, particularly WEEE. In addition to these in-house commitments, Groupama is aware of the role to be played in raising awareness about the protection of the environment among its various stakeholders and particularly among its customers.

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

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

Regarding protection of the environment, our employees are regularly informed of environmental issues, particularly through the Sustainable Development week, the existence of a manual of environmentally friendly actions in the office and the distribution of an Eco Pass Responsible Events charter allowing internal communicators to organise their events with the greatest respect for the environment. One-off actions supplement these recommendations, such as campaigns to raise awareness of eco-driving or the establishment of car-pooling in certain entities.

Regarding prevention of environmental risks and pollution, technical diagnostics are carried out at our operating sites.

Because of its service businesses, with environmental impacts limited and reduced to low-pollution consumption (paper, electricity, etc.), Groupama has no financial provision for environmental risk.

(1) Group intranet.

(2) Mandatory declaration of employment of workers with disabilities over fiscal year 2011.

(3) All environmental indicators have been collected by rolling year, over the period from 1 November 2011 to 31 October 2012. FTEs are consolidated as of 30 September 2012.

(b) Pollution and waste management

Groupama's service businesses do not directly generate waste or pollution other than office waste. However, we would like to make progress in waste reclamation through selective sorting. This initiative, involving other players such as local authorities, is in the structuring process.

(c) Sustainable use of resources

Groupama's businesses do not require water outside of the everyday consumption of its office buildings. In this context, "water prevention" campaigns intended to reduce consumption are regularly conducted with the entities' employees. In 2012, the Group consumed 153,549 m^3 of water [(1)].

In 2012, office paper consumption amounted to 701 tonnes [(2)], 78% of which was certified [(3)]. In order to reduce this consumption, a plan to streamline printers and copying machines continues for companies (excluding regional mutuals) that are members of GIE Groupama Support & Services (G2S). Moreover, the Group is continuing its work towards paperless exchanges with its customers in order to durably reduce the physical sending of documents and the corresponding carbon emissions.

In 2012, the Group's energy consumption (electricity, gas, fuel oil, heat and chilled water) amounted to 89,783,854 kWh [(4)] (consumption of electricity: 62,892,831 KWh, gas: 16,333,977 KWh, fuel oil: 723,919 KWh, heat: 5,317,727 KWh, and chilled water: 4,515,400 KWh). For several years, Groupama has implemented many measures to reduce these consumption levels, including establishing free cooling in the Mordelles Datacenter, decreasing the temperature set points in offices and systematically turning off office lights outside of hours of occupation for most of the buildings managed by GIE G2S.

In addition, by virtue of our service businesses (insurance and banking), Groupama is not affected by the issue of soil use.

(d) Climate change

In 2012, CO_2 emissions due to the energy consumption of the sites reached 14,349 Teq CO_2 [(5)] (9,887 Teq CO_2 for electricity consumption, 2,940 Teq CO_2 for gas, 195 Teq CO_2 for fuel oil, 1,187 Teq CO_2 for heat and 139 Teq CO_2 for chilled water), and emissions from travel amounted to 9,970 Teq CO_2 [(6)] (1,648 Teq CO_2 for air travel, 427 Teq CO_2 for train travel and 7,895 Teq CO_2 for travel in cars owned or not owned).

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

(e) Protection of biodiversity

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

5.1.13.3 Societal information

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

The Group's decentralised structure favours strong territorial anchoring and contributes to the development of the regions. In particular, Groupama regularly organises Jobmeetings throughout France (eight major regions involved in 2012). Groupama has also been a partner of the ADIE (association for the right to economic initiative) since 2007 and thus works to promote micro-lending in French devitalised rural areas.

(b) Relations maintained with people or organisations interested in the Company's business, particularly inclusion associations, learning institutions, environmental defence associations, consumer associations and local populations

Membership, Groupama's decentralised operating base, allows our 8 million French members and customers to take part in each level of the elective system: local mutual, regional mutual, departmental or national federation. Thus, 300,000 members participate each year in the General Meetings of our some 3,600 local mutuals, which gives them decision-making power within the mutual company. In addition, we are particularly attentive to our customers, thanks to satisfaction polls on the management of claims carried out with our private customers every month, as well as regular detailed satisfaction surveys, on a very large number of individuals from all of our customer types.

(1) Corresponds to consumption of 93.82% of FTEs of the 2012 CSR reporting scope.

(2) Corresponds to consumption of 96.50% of FTEs of the 2012 CSR reporting scope.

(3) Corresponds to 83.4% of FTEs of the 2012 reporting scope. Paper with Ange bleu, Nordic Swan or Ecolabel certification or from sustainably managed forests, meeting FSC or PEFC criteria.

(4) Electricity: 96.14% of the 2012 CSR reporting scope; gas: 95.91%; fuel oil: 95.97%; heat and chilled water: 96.52%.

(5) Electricity: 93.43% of FTEs of the 2012 CSR reporting scope; gas: 92.11%; fuel oil: 92.17%; heat and chilled water: 98.12%. These are the 2008 emission factors of the IEA.

(6) Plane: 96.29% of FTEs of the 2012 CSR reporting scope; train: 83.91%; car: 82.41%. These are the 2008 emission factors of the IEA.

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

Regarding relations maintained with learning institutions, many partnerships are forged between our regional mutuals or subsidiaries and the institutions in their region or pool of employment: instructional actions or conferences, sponsorship, acceptance of trainees and interns, simulation of interviews and participation in juries, presence in employment forums and support for teaching chairs. For several years, Groupama has maintained partnerships with various actuarial schools and is one of the four founding members of the Risk Foundation, which seeks to encourage and coordinate teaching and research projects in all areas of risk (financial risks, industrial risks, environmental risks, wealth risks or individual health in particular) in close relationship with partner institutions: Polytechnique, Centre d'Études Actuarielles, Université Paris-Dauphine and ENSAE.

Regarding our philanthropy actions, for more than 10 years, the Groupama Health Foundation to fight rare diseases has taken action in three areas: informing physicians for shorter diagnosis times, supporting the ill to alleviate their isolation and supporting research by awarding PhD scholarships to young researchers. In 2012, €392,169 [(1)] was allocated to the fight against rare diseases.

For more than 25 years, the Groupama Gan Cinema Foundation has supported the 7th article. It has a dual purpose: it contributes to safeguarding the world cinematographic heritage and supports the development of contemporary cinema, from production to distribution. In 2012, the amount allocated by Groupama SA to the Groupama Gan Foundation totalled €1 million. In addition, an agreement was signed in 2010 between Groupama SA and Cinémathèque française for a term of five years. Under this agreement, €300,000 is allocated each year to the Cinémathèque française, giving Groupama the title of "Grand Mécène" (major sponsor).

(c) Subcontracting and suppliers

Groupama has very limited recourse to subcontracting.

In reference to the 10 principles of the charter of the Global Compact and the diversity charter, the Group's purchasing policy has taken on CSR commitments, including a purchasing ethics charter, incorporated into the Internal Regulations of Groupama SA. Groupama has signed the inter-company charter, which particularly favours long-term relationships with SMEs, incorporation of CSR criteria in the choice of suppliers and consideration of the territorial responsibility of a large group. As part of this, Groupama participates in "working groups" with the ombudsman of the ministry for industrial renewal.

A guide to eco-responsible purchasing, produced by our Group Purchasing Department, was distributed to all group buyers starting in 2007 in order to help them insert social and environmental criteria into their calls for tenders and purchases.

In addition, in our calls for tenders, we ask our suppliers, as part of specific contractual clauses, to declare whether they respect the principles of the ILO, the universal declaration of human rights and the charter of the Global Compact (working conditions, respect for the environment, ethics), and we encourage them to adopt eco-responsible behaviour (product design, staff training, routing, waste management).

Lastly, a CSR charter intended for suppliers is in preparation for deployment scheduled for 2013.

(d) Loyalty of practices

Actions taken to prevent corruption

The main purpose of the ethics charter is to unite and mobilise the Group's employees around its principles of action of proximity, responsibility and solidarity by defining the Group's commitments regarding ethics, for example: always acting in respect of the confidence given to us by our members and customers, promoting the development of individual and collective talents of employees and affirming our mission as a socially responsible, community-oriented player. These commitments are set forth in rules of conduct to be adopted by employees. In particular, they are required to show proof of integrity and loyalty in carrying out their duties, both inside and outside their company when they represent it, and are prohibited from any act of active or passive corruption. The ethics charter also defines the responsibilities of the Ethics Committee, which meets twice per year.

Developed by a dedicated working group, the Groupama ethics charter was presented before the Steering Committee, the Group Executive Committee and the Board of Directors, then appended to the Internal Regulations of the Group's companies by following the procedures for informing and consulting the staff representative bodies (Group Committee and European Works Council, WHSC, EC, labour inspector, registry of the labour tribunal and posting). It was also distributed to all employees (electronically and posted on the Group's intranet) as well as to the general agents of Gan Assurances, the agents of Gan Patrimoine and the secretaries/agents of Groupama d'Oc.

In addition, Groupama has established a major compliance system, governed by a compliance charter. This charter covers all Groupama businesses and aims to ensure that group practices comply with legal provisions, regulations, administrative requirements and trade standards, as well as the Group's internal rules, charters and procedures.

As part of this, a network of Managers of anti-money laundering and financing of terrorism in the entire group has been established. The Group Legal Department is its coordinator: periodic meetings and newsletter, monthly reporting and semi-annual situation updates for the Group's Executive Management, and an annual report to the Board of Directors of Groupama SA on actions taken within the Group.

(1) Corresponds to 81.04% of FTEs of the 2012 CSR reporting scope.

The key points of the system include risk mapping, incorporating an evaluation of risks of money laundering and financing of terrorism based on products, operations, customers and modes of distribution; the collection of information about customers and the source of funds depending on the significance of the risks; a tool for automated detection of individuals appearing on lists of terrorists and persons considered to be politically exposed; the establishment of a profiling tool; a system for checking proper application of procedures as well as e-learning training tools on the principles of anti-money laundering and financing of terrorism.

Lastly, in 2007, Groupama created the Group's data protection agent (CIL) function, whose responsibilities are defined by law, particularly consisting of establishing and maintaining the list of computer processing in force within the Group in order to guarantee compliance with the regulations in this area. This function maintains relations with the CNIL.

Measures taken for consumer health and safety

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

In terms of prevention, during 2012, more than 24,000 customers or non-customers were made aware or trained on prevention by Groupama's teams [(1)].

(e) Other human rights actions undertaken under societal information

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

5.1.14 OUTLOOK

2012 was characterised by the Executive Management's definition and implementation of measures to strengthen the Group's financial soundness, organised around several areas:

- reduction of the scope of business;
- reduction of exposure to risky assets;
- vigorous effort to restore underwriting result and control overhead expenses;
- strengthening of the Group's governance.

Tangible results have been observed on these various areas since 2012, particularly with the implementation of a programme to dispose of certain businesses that is fully finalised to date, a significantly reduced asset allocation on property and equities, a very significant decrease in overhead expenses across the entire group of €180 million (like-for-like and excluding commissions), as well as a reinforcement of the rules of governance and control of the Group's risks.

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

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

Thanks to all of these measures, but also a more favourable financial environment, the Group saw strong recovery in its adjusted solvency margin, amounting to 179.4% at the end of 2012.

In 2013, the Group will continue the actions undertaken and place emphasis on improving the underwriting profitability of its businesses.

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

5

(1) Corresponds to 89.93% of FTEs of the 2012 CSR reporting scope.

5.2 DIVIDEND DISTRIBUTION POLICY

5.2.1 DIVIDENDS PAID OVER THE PAST THREE FISCAL YEARS

Fiscal years	Total dividends distributed	Total dividends distributed eligible for reduction	Total dividends distributed not eligible for reduction
2011	-	-	-
2010	€104,181,645.60	€93,457.35	€104,088,188.25
2009	€104,181,645.60	€98,555.85	€104,083,089.75

5.2.2 DISTRIBUTION POLICY

Dividends paid by Groupama SA are paid in euros.

The future policy for distribution of dividends will depend on, among other things, the realised results and the financial position of Groupama SA and its subsidiaries.

The dividend proposal is submitted to the General Meeting after an allocation of the result is proposed by the Board of Directors.

Groupama SA determines its dividend distribution policy based on its consolidated current result minus subsidies paid to the regional mutuals.

In recent years, except in 2012, Groupama SA distributed a dividend amount of around 20% of this result. Although Management intends to maintain this distribution policy over the long term, the dividend proposed by the Board of Directors for a year in particular depends on various factors (including the Company's performance, market conditions and the general economic environment) likely to, for certain years, affect this distribution objective. During the examination of the dividend to be paid for a given year, Management strives to reconcile (i) the prudent management of capital, (ii) the reinvestment of past results to support the developments of its businesses and (iii) the dividend's attractiveness for shareholders.

To be noticed, 99.95% of the dividend is paid to Groupama SA and 0.05% is paid to minority shareholders.

A recommendation will be made to the General Meeting of 12 June 2013 that no dividend be paid for fiscal year 2012.

	2012	2011	2010
Gross dividend	€ 0	€ 0	€104.2 million
Dividend per share	€ 0	€ 0	€ 0.45
Consolidated net result	€(622) million	€(1,812) million	€387 million
Distribution rate	Non applicable	Non applicable	26.9%

5.2.3 STATUTE OF LIMITATIONS

Pursuant to Article 2277 of the French Civil Code, dividends not claimed within five years are subject to the statute of limitations. They then revert to the public treasury, pursuant to Article L. 27 of the French State Domain Code.

5.3 CASH AND GROUP FINANCING

5.3.1 CASH

Cash and cash equivalents totalled €2,061 million as at 31 December 2012, up €512 million compared to 31 December 2011.

The distribution of cash flows for fiscal year 2012 among the various business lines is as follows:

- Operational business cash flows €1,198 million;
- Investment and financial business cash flows -€686 million;
- **Total €512 million.**

5.3.2 ISSUER'S FINANCING STRUCTURE

Groupama SA debt totalled €1.9 billion as at year-end 2012.

The amount of subordinated liabilities as at 31 December 2012 was slightly down compared to 31 December 2011, amounting to €1.24 billion, after cancellation of €7 million in debt.

Group external debt totalled €683 million, down €205 million compared to 31 December 2011, due primarily to partial repayment of the syndicated loan in the amount of €150 million.

Financial debt to banking sector businesses originates primarily from borrowings under the €650 million credit facility over one year at a rate of 0.574%, increased by a margin of 0.8%, due on 5 December 2013.

Groupama SA's debt-to-equity ratio, excluding revaluation reserves (including subordinated liabilities and minority interests) stood at 42.4%, compared to 41.3% as at 31 December 2011.

	31.12.2012				31.12.2011			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Subordinated debt			1,238	1,238			1,245	1,245
Financing debts represented by securities								
Financing debts to banking sector companies	650	4	29	683	820	4	63	888
TOTAL FINANCING DEBT	**650**	**4**	**1,267**	**1,921**	**820**	**4**	**1,308**	**2,133**

The subordinated debt corresponds to:

- a bond in the form of redeemable subordinated bonds (TSRs) was issued on 27 October 2009 as part of the financing of the July 1999 call on this bond, redeemed on 22 January 2010 following the agreement of French Prudential Supervisory Authority (ACP) in late 2009. This 30-year bond has a fixed annual rate of 7.875% until the call date of 27 October 2019. After that date, the rate applied will be the three-month Euribor plus a margin of 5.36%. As at 31 December, the price for this issue was 85%, compared to 49% as at 31 December 2011;
- a fixed rate perpetual subordinated bond (TSDI) issued by Groupama SA in July 2005 for a par value of €500 million, at the fixed rate of 4.375% for the first 10 years, then at the variable three-month Euribor rate plus a margin of 2.25%. This bond includes a "10-year call" that allows the issuer to redeem the bond early as from the tenth year. On 3 December 2012, €7 million in debt was cancelled after redemption during the fiscal year. As at 31 December, these perpetual bonds (TSDI) were trading at 63%, compared to 35% as at 31 December 2011;
- in addition, Groupama SA issued a perpetual super-subordinated bond (TSS) in October 2007 for €1,000 million. Under IFRS, these securities constitute a shareholders' equity instrument and thus do not appear in the tables above. They were issued at a fixed rate of 6.298% for the first 10 years, and then at a variable rate equal to the 3-month Euribor rate plus a margin of 2.60%. They will be eligible for early full redemption starting on 22 October 2017. As at 31 December, these super-subordinated bonds (TSS) were trading at 55%, compared to 46% as at 31 December 2011.

5.3.3 EMPLOYMENT AND CASH

In terms of cash, interest expenses paid by the Group in 2012 amounted to €128 million (€89 million in 2011), including perpetual subordinated bonds/subordinated bonds/credit line of €106 million.

5.4 PROPERTY, PLANT AND EQUIPMENT

The registered office of Groupama SA is located at 8-10, rue d'Astorg, 75008 Paris.

As an insurance group, Groupama holds significant real estate assets, managed primarily by Groupama Immobilier, for a total value of €3.6 billion. These assets are located primarily in Paris and Île de France.

Investment property and operating activities property are described in the Note 4 and Note 5 of the consolidated financial statements in this registration document.

5.5 ADMINISTRATIVE, JUDICIAL, OR ARBITRATION PROCEEDINGS

Over the past twelve months, the Company has not been subject to any governmental, judicial, or arbitration proceedings, including any pending or threatened proceedings known to the Company, which might have had, or has had over the last 12 months, significant effects on its financial situation or profitability, or that of the Group.

6

FINANCIAL STATEMENTS

Pursuant to Article 28 of (EC) Commission Regulation no. 809/2004 of 29 April 2004, the following information is incorporated by reference within this registration document:

- *the consolidated financial statements of Groupama SA for the fiscal year ended 31 December 2011 and the corresponding statutory auditors' report appear on pages 168 to 275 and 276 to 277, respectively, of the registration document n° D12-0466 filed with the AMF on 27 April 2012;*
- *the consolidated financial statements of Groupama SA for the fiscal year ended 31 December 2010 and the corresponding statutory auditors' report appear on pages 170 to 277 and 278 to 279, respectively, of the registration document n° D11-0303 filed with the AMF on 14 April 2011;*

6.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

6.1.1 CONSOLIDATED BALANCE SHEET

ASSETS

(in millions of euros)	Notes	31.12.2012	31.12.2011
Goodwill	Note 2	2,234	2,950
Other intangible assets	Note 3	486	626
Intangible assets		**2,720**	**3,576**
Investment property excluding unit-linked items	Note 4	1,097	1,341
Unit-linked investment property	Note 7	102	99
Operating property	Note 5	614	776
Financial investments excluding unit-linked items	Note 6	66,198	61,977
Unit-linked financial investments	Note 7	3,856	3,408
Derivatives and separated embedded derivatives	Note 8	80	121
Insurance activity investments		**71,947**	**67,721**
Funds used in banking sector activities and investments of other activities	**Note 9**	**3,487**	**3,302**
Investments in associates	**Note 10**	**1,039**	**956**
Share of outward reinsurers and retrocessionnaires in liabilities relating to insurance and financial contracts	**Note 11**	**1,687**	**1,323**
Other tangible fixed assets	Note 12	189	220
Deferred acquisition costs	Note 13	313	577
Deferred profit-sharing asset	Note 14	75	3,951
Deferred tax debits	Note 15	252	570
Receivables arising from insurance and assumed reinsurance operations	Note 16	2,203	3,044
Receivables arising from outward reinsurance	Note 17	276	189
Current tax receivables and other tax receivables	Note 18	215	164
Other receivables	Note 19	1,753	2,112
Other assets		**5,275**	**10,827**
Assets held for sale and discontinued activities			
Cash and cash equivalents	**Note 20**	**1,791**	**1,683**
TOTAL		**87,946**	**89,388**

LIABILITIES

(in millions of euros)	Notes	31.12.2012	31.12.2011
Capital		1,687	1,687
Revaluation reserve	Note 21	417	(930)
Other reserves		2,494	4,378
Foreign exchange adjustments		(321)	(390)
Consolidated earnings		(622)	(1,812)
Shareholders' equity (group share)		**3,655**	**2,933**
Minority interests		58	54
Total shareholders' equity		**3,713**	**2,987**
Provisions for contingencies and charges	**Note 22**	**447**	**429**
Financing debts	**Note 24**	**1,923**	**2,133**
Technical liabilities related to insurance policies	**Note 25**	**47,546**	**50,083**
Technical liabilities related to financial contracts	**Note 26**	**21,003**	**22,211**
Deferred profit-sharing liability	**Note 14**	**204**	
Resources of banking sector activities	**Note 9**	**3,120**	**2,996**
Deferred tax liabilities	Note 15	516	274
Debts to consolidated UCITS unitholders	Note 28	974	628
Operating debts to banking sector companies	Note 20	203	280
Debts arising from insurance or inward reinsurance operations	Note 29	611	721
Debts arising from outward reinsurance	Note 30	423	340
Current tax debts and other tax debts	Note 31	221	271
Derivatives liabilities	Note 8	429	290
Other debts	Note 32	6,612	5,745
Other liabilities		**9,989**	**8,550**
Liabilities of activities to be sold or discontinued			
TOTAL		**87,946**	**89,388**

6

6.1.2 CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT

(in millions of euros)	Notes	31.12.2012	31.12.2011 *pro forma*	31.12.2011
Written premiums	Note 33	10,764	11,264	13,915
Change in unearned premiums		(1)	42	(63)
Earned premiums		**10,763**	**11,305**	**13,851**
Net banking income, net of cost of risk		**231**	**234**	**234**
Investment income	Note 34	2,453	2,769	2,970
Investment expenses	Note 34	(551)	(546)	(588)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	Note 34	465	318	241
Change in fair value of investments recorded at fair value through profit or loss	Note 34	446	(423)	(427)
Change in impairment on investments	Note 34	(270)	(4,019)	(4,111)
Investment income net of expenses	**Note 34**	**2,543**	**(1,902)**	**(1,916)**
Total income from ordinary activities		**13,538**	**9,638**	**12,169**
Insurance policy services expenses	Note 35	(10,301)	(8,163)	(9,819)
Income on outward reinsurance	Note 36	1,523	256	363
Expenses on outward reinsurance	Note 36	(1,806)	(612)	(784)
Expenses and income on net outward reinsurance		**(10,583)**	**(8,519)**	**(10,240)**
Banking operating expenses	Note 37	(223)	(225)	(225)
Policy acquisition costs	Note 38	(1,387)	(1,403)	(1,937)
Administration costs	Note 39	(800)	(802)	(971)
Other current operating income and expenses	Note 40	(318)	(389)	(450)
Total other current income and expenses		**(13,312)**	**(11,337)**	**(13,824)**
Current operating income		**226**	**(1,700)**	**(1,654)**
Other operating income and expenses	Note 41	(302)	(44)	(49)
Operating income		**(76)**	**(1,743)**	**(1,703)**
Financing expenses	Note 42	(128)	(89)	(89)
Share in earnings of related companies	Note 10	(5)	19	19
Income tax	Note 43	(60)	13	(39)
Net earnings from continuing activities		**(269)**	**(1,800)**	**(1,812)**
Net earnings from discontinued operations	Note 2	(334)	(12)	
OVERALL NET INCOME		**(603)**	**(1,812)**	**(1,812)**
of which minority interests		19		
OF WHICH NET INCOME (GROUP SHARE)		**(622)**	**(1,812)**	**(1,812)**

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

6.1.3 STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY

	31.12.2012			31.12.2011		
(in millions of euros)	Group share	Minority interests	Total	Group share	Minority interests	Total
Earnings for fiscal year	**(622)**	**19**	**(603)**	**(1,812)**		**(1,812)**
Change in foreign exchange adjustments	69		69	(99)	(1)	(100)
Change in gross unrealised capital gains and losses on available-for-sale assets	6,236	21	6,257	(579)	(9)	(588)
Revaluation of hedging derivatives	47		47	11	44	55
Change in actuarial gains and losses of post-employment benefits	(23)		(23)	1		1
Change in shadow accounting	(4,431)	(16)	(4,447)	565	6	571
Change in deferred taxes	(497)	(2)	(499)	108	1	109
Others	(57)		(57)	68		68
Gains and losses recognised directly in shareholders' equity	**1,344**	**3**	**1,347**	**75**	**41**	**116**
NET INCOME AND GAINS AND LOSSES RECOGNISED IN SHAREHOLDERS' EQUITY	**722**	**22**	**744**	**(1,737)**	**41**	**(1,696)**

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 provision 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 provision for unrealised foreign exchange adjustments and the actuarial gains (losses) on post-employment benefits.

6.1.4 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros)	Capital	Earnings	Deeply super-subor-dinated instru-ments	Consolida-ted reserves	Reva-luation reserve	Foreign exchange adjustment	Share-holders' equity (group share)	Share of minority inte-rests	Total share-holders' equity
SHAREHOLDERS' EQUITY AS AT 31.12.2010	**1,187**	**387**	**1,000**	**3,021**	**(1,036)**	**(291)**	**4,268**	**170**	**4,438**
Allocation of 2010 earnings		(387)		387					
Dividends				(145)			(145)	(54)	(199)
Change in capital	500						500	1	501
Business combination				47			47	(104)	(57)
Impact of transactions with shareholders	**500**	**(387)**		**289**			**402**	**(157)**	**245**
Foreign exchange adjustments						(99)	(99)	(1)	(100)
Available-for-sale assets					(579)		(579)	(9)	(588)
Shadow accounting					565		565	6	571
Deferred taxes				(1)	109		108	1	109
Actuarial gains and losses of post-employment benefits				1			1		1
Others				68	11		79	44	123
Net income for fiscal year		(1,812)					(1,812)		(1,812)
Total income and expenses recognised over the period		**(1,812)**		**68**	**106**	**(99)**	**(1,737)**	**41**	**(1,696)**
Total changes over the period	**500**	**(2,199)**		**357**	**106**	**(99)**	**(1,335)**	**(116)**	**(1,451)**
SHAREHOLDERS' EQUITY AS AT 31.12.2011	**1,687**	**(1,812)**	**1,000**	**3,378**	**(930)**	**(390)**	**2,933**	**54**	**2,987**
Allocation of 2011 earnings		1,812		(1,812)					
Dividends								(8)	(8)
Change in capital								(10)	(10)
Business combination									
Impact of transactions with shareholders		**1,812**		**(1,812)**				**(18)**	**(18)**
Foreign exchange adjustments						69	69		69
Available-for-sale assets					6,236		6,236	21	6,257
Shadow accounting					(4,431)		(4,431)	(16)	(4,447)
Deferred taxes				8	(505)		(497)	(2)	(499)
Actuarial gains and losses of post-employment benefits				(23)			(23)		(23)
Others				(57)	47		(10)		(10)
Net income for fiscal year		(622)					(622)	19	(603)
Total income and expenses recognised over the period		**(622)**		**(72)**	**1,347**	**69**	**722**	**22**	**744**
Total changes over the period		**1,190**		**(1,884)**	**1,347**	**69**	**722**	**4**	**726**
SHAREHOLDERS' EQUITY AS AT 31.12.2012	**1,687**	**(622)**	**1,000**	**1,494**	**417**	**(321)**	**3,655**	**58**	**3,713**

6.1.5 CASH FLOW STATEMENT

(in millions of euros)	31.12.2012	31.12.2011
Operating income before taxes	(76)	(1,703)
Capital gains or losses from disposal of investments	2,261	(235)
Net allocations to depreciation	236	247
Change in deferred acquisition costs	44	14
Change in impairment	(2,177)	3,962
Net allocations to technical liabilities relating to insurance policies and financial contracts	(715)	(1,024)
Net allocations to other reserves	78	1
Change in the fair value of investments and financial instruments recognised at fair value through profit or loss (excluding cash and cash equivalents)	(445)	427
Other non-cash items included in operating income	54	
Correction of items included in operating income other than monetary flows and reclassification of financial and investment flows	**(664)**	**3,392**
Change in operating receivables and payables	415	(262)
Change in bank operating receivables and payables	275	38
Change in repo and reverse-repo securities	1,337	(2,106)
Cash flow from other assets and liabilities	(29)	54
Net taxes paid	(60)	27
NET CASH FLOWS FROM OPERATING ACTIVITIES	**1,198**	**(560)**
Acquisitions/disposals of subsidiaries and joint ventures, net of acquired cash	969	2
Acquisitions of interest/disposals in related companies	3	203
Cash flows from changes in scope of consolidation	**972**	**205**
Net acquisitions of financial investments (including unit-linked items) and derivatives	(1,710)	221
Net acquisitions of investment property	680	317
Net acquisitions and/or issues of investments and derivatives from other activities		
Other non-cash items	(12)	(5)
Cash flows from acquisition and issues of investment	**(1,042)**	**533**
Net acquisitions of tangible and intangible assets and operating assets	(144)	(179)
Cash flows from acquisitions and disposals of tangible and intangible assets	**(144)**	**(179)**
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	**(214)**	**559**
Membership fees		
Issuance of equity instruments		500
Redemption of equity instruments	(10)	
Operation on own shares		
Dividends paid	(8)	(200)
Cash flows from transactions with shareholders and members	**(18)**	**300**
Cash allocated to financing debts	(210)	598
Interest paid on financing debts	(128)	(89)
Cash flows related to the Group's financing	**(338)**	**509**
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(356)**	**809**
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	**1,549**	**764**
Net cash flows from operating activities	1,198	(560)
Net cash flows from investment activities	(214)	559
Net cash flows from financing activities	(356)	809
Cash flows relating to assets and liabilities sold or discontinued	(123)	
Effect of foreign exchange changes on cash	7	(23)
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	**2,061**	**1,549**
Cash and cash equivalents	1,682	
Cash, central bank, postal bank and accounts received from banking businesses	147	
Operating debts to banking sector companies	(280)	
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2012	**1,549**	
Cash and cash equivalents	1,791	
Cash, central bank, postal bank and accounts received from banking businesses	473	
Operating debts to banking sector companies	(203)	
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2012	**2,061**	

6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Summary

1 SIGNIFICANT EVENTS AND POST-BALANCE SHEET EVENTS

1.1 Significant events

1.1.1 Group governance

(a) Chairmanship of Fédération Nationale Groupama, Groupama SA and Groupama Holding

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

Jean-Yves Dagès has been Chairman of the Groupama d'Oc regional mutual since June 2011, Chairman of Misso, Mutuelle Incendie des Sylviculteurs du Sud-Ouest, and Chairman of the Board of Directors of Gan Assurances. He is a member of the Conseil Supérieur des Prestations Sociales Agricoles and mayor of Poyartin (Landes).

(b) Banking business separation and regulation bill

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

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

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

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

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

1.1.2 Measures to strengthen the solvency margin

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

These measures include three components:

(a) Operations to reduce risk on securities

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

(b) Real estate disposals

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

(c) Strategic sales of businesses

The completed business sales are described below:

IN FRANCE

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

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

  The operation is a portfolio transfer involving the property and casualty business excluding transport of Gan Eurocourtage amounting to around €800 million in turnover and a total balance sheet of €1.9 billion. As part of this operation, 654 people joined the Allianz group.
- On 3 December 2012, Groupama sold Gan Eurocourtage's maritime portfolio subscribed in France to the Helvetia group.

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

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

ABROAD

Sale of the Spanish subsidiary

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

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

The selling price of Groupama Seguros is €404.5 million.

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

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

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

Sale of Lark

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

Sale of the Proama branch in Poland

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

1.1.3 Other factors

(a) Icade-Silic merger

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

Following this contribution, HoldCo SIIC holds 43.95% of the capital and voting rights of Silic. Caisse des Dépôts and Groupama hold 75.07% and 24.93% of the capital and voting rights of HoldCo SIIC respectively.

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

(b) Caisse des Dépôts subscribes to preferred shares of Gan Eurocourtage

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

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

These preference shares were repaid on 1 October 2012.

(c) Exchange of Greek debt as part of the PSI

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

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

(d) Groupama SA's decision not to proceed with the optional interest payment to holders of super-subordinated securities issued in October 2007

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

(e) Financial rating

FITCH

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

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

STANDARD & POOR'S

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

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

(f) Merger-takeover of Gan Eurocourtage by Groupama SA

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

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

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

(g) Reinforcement of the equity of its subsidiary Groupama Gan Vie

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

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

At the end of 2012, as part of a new capital increase, Groupama SA contributed several property assets to Groupama Gan Vie as well as all securities of a company whose main activity is real estate for an overall amount of €752.5 million.

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

(h) Temporary implementation of a Group proportional treaty

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

1.2 Post-balance sheet events

(a) Sale of the asset management company Groupama Private Equity

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

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

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

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

(b) Sale of Bollington

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

2 CONSOLIDATION PRINCIPLES, METHODS AND SCOPE

2.1 Explanatory note

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

The breakdown of share capital as at 31 December 2012 was as follows:

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

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

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

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

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

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

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

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

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

2.2 General presentation of the consolidated financial statements

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

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

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

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

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

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

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

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

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

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 real estate assets (Notes 3.2.1 and 3.2.2);
- estimate of certain fair values of illiquid listed assets (Notes 3.2.1);
- recognition of profit-sharing assets (Note 3.12.2.b) and deferred tax assets (Note 3.13);
- calculation of contingent liabilities and particularly valuation of employee benefits (Note 3.10).

2.3 Consolidation principles

2.3.1 Consolidation scope and methods

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

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

(a) Consolidating company

The consolidating company is the company that exclusively or jointly controls other companies, whatever their legal entity status, or which exerts a significant influence on them.

(b) 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 exercises effective control over the entity.

Full consolidation consists of:

- integrating in the consolidating company's accounts 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 earnings among the interests of the consolidating company and the interests of the other "minority interest" shareholders or partners.

(c) 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.

(d) Related companies

Companies over which the Group exercises significant influence are recognised according to the equity method.

When the consolidating 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 consolidating 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, share of capital and reserves converted at year end, including the earnings for the fiscal year in accordance with consolidation rules.

(e) Deconsolidation

When an entity is in run-off (has stopped taking on new business) and the main aggregates of the balance sheet or the profit and loss account do not exceed (except in a special case) the thresholds of 0.5% of the premiums issued, workforce, contributory earnings, 1% of consolidated shareholders' equity, technical reserves, and the total balance sheet, as well as 3% of goodwill (these thresholds measured in relation to the Group's total), this entity is deconsolidated.

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

2.3.2 Change in the consolidation scope

Changes in the scope of consolidation are described in Note 48 of the notes to the Financial Statements.

2.3.3 Uniformity of accounting principles

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

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

2.3.4 Conversion of accounts 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 capital and reserves, excluding income, which are 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 earnings translated at the average rate and earnings 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 consolidated by Groupama SA

All transactions within the Group are eliminated.

When these transactions affect consolidated earnings, the elimination of profits and losses as well as capital gains and losses is done at 100% then divided between the interests of the consolidating company and the minority interests in the company having generated the earnings. 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 consolidated 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 earnings 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 earnings 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 results 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 measured, according to a choice made on each acquisition, either at fair value or for their share of the identifiable net assets of the acquired company.

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

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

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

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

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

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

Residual goodwill is not amortised, but is subject to an impairment test at least once a year. The Group reviews the goodwill's book value in case of an unfavourable event occurring between two annual tests. Impairment is recorded when the recoverable amount of the cash-generating unit to which the goodwill is allocated is less than its net book value. Recoverable value is defined as fair value less cost of sales, or value in use, whichever is higher.

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

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

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

Goodwill, recognised 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 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

An intangible fixed asset is an identifiable asset, controlled by the entity because of past events and from which future economic benefits are expected for the entity.

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

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

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

Other intangible fixed 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 activity 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.

(a) Classification

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

- there are two types of assets at fair value through income:
  - assets held for trading are investments, which are held to earn short-term profits. If there have been short-term sales in the past, such assets may also be classified in this category;
  - financial assets designated as optional (held-for-trading or even fair value option), provided they comply with the following criteria:
    - asset/liability matching to avoid any accounting mismatch,
    - hybrid instruments including one or more embedded derivatives,
    - group of financial assets and/or liabilities that are managed and the results of which is stated at fair value;
- assets held to maturity include fixed-term investments that the Company expressly intends, and is able, to hold until maturity. The Group does not use this category, with the exception of certain perfectly backed portfolios that meet the criteria defined above;
- the category of loans and receivables includes assets with a defined payment or a payment that can be defined, which are not listed for trading on an active market;
- available-for-sale assets (stated at fair value via shareholders' equity) include by default all other fixed-term financial investments, equities, loans and receivables that are not included in the other categories.

(b) Reclassifications

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

A financial asset classified as available-for-sale may be reclassified outside the 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.

(c) Initial recognition

The Group recognises its financial assets when it becomes party to the contractual reserves 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.

(d) Fair value valuation methods

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

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

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

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

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

(e) Valuation rules

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

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

(f) Reserves for impairment

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

DEBT INSTRUMENTS CLASSIFIED AS AVAILABLE-FOR-SALE ASSETS

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

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

EQUITY INSTRUMENTS CLASSIFIED AS AVAILABLE-FOR-SALE ASSETS

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

As at 31 December 2012, there is objective evidence of impairment in the following cases:

- the financial investment was already covered by a reserve at the previous published close; or
- a 50% discount is observed as at the closing date; or
- the financial investment has been in a continuous unrealised loss position with respect to its book value over the last 36 months prior to the balance sheet date.

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

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

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 MEASURED 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 profit or loss for the year. The reserve may be written back through income.

(g) Derecognition

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

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

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

3.2.2 Investment properties

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

(a) Initial recognition

Lands and buildings appear on the balance sheet at their acquisition cost. Real estate value includes significant transaction costs directly attributable to the transaction, except in the specific case of investment properties 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, the real estate is subdivided by components and recorded separately.

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

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

(b) Valuation

The cost of the real estate is the amount at which the real estate has been recorded at the time of initial recognition, minus accumulated impairment and corrected for any reserves for impairment. The acquisition cost of the real estate is dependent either on an outright acquisition, or on the acquisition of a company holding the real estate. In the latter case, the cost of the real estate 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 real estate investments is determined on the basis of the five-year independent appraisal conducted by an expert approved by domestic regulators (Autorité de Contrôle Prudentiel). During each five-year period, the real estate is subject to an annual appraisal certified by the expert.

(c) Subsequent expenses

Subsequent expenses must be added to the book value of the real estate:

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

(d) Reserves for impairment

On each closing date of its accounts, the Group determines whether there is evidence of potential loss of value on buildings recognised at amortised cost. If this is the case, the realisable value of the real estate 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 profit or loss 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 real estate increases at a later time, the reserve for impairment is written back through income.

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

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

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

3.3.3 Embedded derivatives

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

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

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

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

3.4 Investments in related companies

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

3.5 Non-current assets held for sale and discontinued activities

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

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

A discontinued activity is considered to include any component from which the entity is separated or that is classified as held for sale and is in one of the following situations:

- it constitutes a line of business or a major, separate geographical area; or
- it is part of a single, coordinated plan for 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 profit and loss account:

- net income after taxes from discontinued activities until the transfer date;
- profit 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 Tangible fixed assets

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

Property, plant and equipment other than operating activities property are initially recognised 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 recognised at face value, taking into account any transaction costs.

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

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

3.8 Cash and cash equivalents

Cash corresponds to available cash.

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

3.9 Capital and reserves

3.9.1 Revaluation reserves

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

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

3.9.2 Other reserves

Other reserves consist of the following items:

- retained earnings;
- group consolidation reserves;
- other regulated reserves;
- the impact of changes in accounting methods;
- equity instruments akin to TSS (deeply subordinated securities) whose features allow recognition in shareholders' equity. Compensation for these securities is treated like a dividend on shareholders' equity.

3.9.3 Foreign exchange adjustment

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

3.9.4 Minority interests

Minority interests include the share in net assets and net earnings of a fully consolidated company of the Group. 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 mutual funds, 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.

3.10.1 Personnel benefits

(a) Pension commitments

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

The liabilities recorded in the balance sheet for defined benefit pensions and similar schemes correspond to the discounted value of the obligation linked to the defined benefit schemes at closing, after deducting scheme assets and the adjustment for past service costs not recognised.

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

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

With regard to defined-contribution schemes, the Group pays contributions to retirement insurance schemes and is not bound by any other payment commitment. The contributions are booked as expenses related to employee benefits when they are due. The contributions paid in advance are recorded as assets to the extent that the advance payment results in a reduction of future payments or a cash reimbursement.

3.11 Financial debts

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

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

3.11.1 Initial recognition

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

3.11.2 Valuation rules

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

3.11.3 Derecognition

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

(a) Insurance policies

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

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

(b) Financial contracts

Contracts that do not meet the definition of insurance policy as described above are classified as financial contracts. Financial contracts are broken down into two categories: financial contracts with 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 profit or loss of the insurer, a fund, or any other entities having issued the contract or on realised and/or unrealised investment returns of a portfolio of specified assets held by the issuer.

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

3.12.2 Insurance policies under IFRS 4

(a) Non-life insurance policies

PREMIUMS

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

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

INSURANCE POLICY SERVICING EXPENSE

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

The services and related expenses relate to the claims settled net of claims receivable collected for the 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 RELATING 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 reserve

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

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

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

Other technical reserves

- Actuarial reserves for annuities

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

- Reserve for increasing risks

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

DEFERRED ACQUISITION COSTS

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

(b) Life insurance policies and financial contracts with discretionary profit-sharing

PREMIUMS

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

INSURANCE POLICIES SERVICING EXPENSE

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 profit-sharing and the change in life insurance provisions and other technical provisions.

TECHNICAL LIABILITIES RELATING TO LIFE INSURANCE CONTRACTS 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.

Reserve for profit-sharing

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 insured or beneficiaries of contracts in the form of profit-sharing and rebates, to the extent that these amounts have not been credited to the insured's account or included in "Life technical reserves".

The reserve for deferred profit-sharing includes:

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

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

Application of shadow accounting

For participatory contracts, the Group has decided to apply shadow accounting, which is intended to pass on to the value of insurance liabilities, deferred acquisition costs and the intangible assets related to insurance contracts, 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 financial 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 contracts are recorded in assets in the consolidated financial statements. These amounts may not under any circumstances be greater than the present value of future profits 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 to the total of the deferred acquisition costs net of amortisation already recognised in the past. If this value is lower, an impairment charge is taken to the income statement.

The Group applies shadow accounting for deferred acquisition costs.

(c) Liabilities adequacy test

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

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

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

(d) Unit-linked policies under IFRS 4

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

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

(e) Embedded derivatives in insurance policies and financial contracts with discretionary profit-sharing

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

If the same contract contains a financial component and an insurance component, the financial component is measured 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 Insurance policies governed by IAS 39

Liabilities relating 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 revenues are 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 earnings resulting from the management of investments, is amortised over the duration of this management and symmetrically with recognition of the corresponding profit.

3.12.4 Reinsurance operations

(a) Inward reinsurance

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

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

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

(b) Outward reinsurance

Outward reinsurance is recognised in accordance with the terms of the various treaties and according to the same rules as described in Note 3.12.1 on insurance policies and financial contracts. A liabilities deposit is recorded for the amount of the corresponding asset received from outward reinsurers and retrocessionnaires.

Securities from reinsurers (outward reinsurers and retrocessionnaires) remitted as collateral are recorded in the statement of commitments given and received.

3.13 Taxes

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

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

This is particularly the case when, because of completed transactions that are treated in both individual company statements and only in the consolidated financial statements as restatements and eliminations of inter-company profits 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 year are taxable only in the following 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 credits 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 earnings 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. On the other hand, impairment of deferred tax debits is recognised once their recoverability proves to be compromised.

Deferred tax debits and credits are valued based on the tax rates (and tax regulations) adopted as at the closing date.

Deferred tax debits and credits are not discounted.

3.14 Sector reporting

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

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

The various activities of each sector are as follows:

- life and health insurance. The personal insurance activity includes the traditional life insurance activity as well as personal injury insurance (risks relating to health, disability, and dependency mainly);
- property and casualty insurance. The property damage and liability insurance activity covers, by deduction, the other insurance activities within the Group;
- 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. Mainly made up of income and expenses relating to the Group’s management and the holding of securities making up the scope of Groupama SA.

3.15 Costs by category

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

Expenses are classified into the following six purposes:

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

4 NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SEGMENT REPORTING

Note 1.1 - Segment reporting by operating segment

Note 1.1.1 - Segment reporting by operating segment - Balance sheet

	31.12.2012			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total
Intangible assets	893	1,827	2,720	1,190	2,386	3,576
Insurance activity investments	65,825	6,122	71,947	60,116	7,605	67,721
Funds used in banking sector activities and investments of other activities	3,487		3,487	3,302		3,302
Investments in associates	882	157	1,039	802	153	956
Share of outward reinsurers and retrocessionnaires in liabilities relating to insurance and financial contracts	1,429	258	1,687	1,076	247	1,323
Other assets	4,338	937	5,275	9,011	1,818	10,828
Assets held for sale and discontinued activities						
Cash and cash equivalents	1,335	456	1,791	1,014	669	1,683
CONSOLIDATED TOTAL ASSETS	**78,189**	**9,757**	**87,946**	**76,511**	**12,878**	**89,389**
Reserves for contingencies and charges	354	93	447	277	153	429
Financing debts	1,923		1,923	2,115	18	2,133
Technical liabilities relating to insurance contracts	42,276	5,270	47,546	42,766	7,317	50,083
Technical liabilities relating to financial contracts	19,792	1,212	21,003	20,859	1,351	22,211
Deferred profit-sharing liability	199	5	204			
Resources of banking sector activities	3,120		3,120	2,996		2,996
Other liabilities	9,580	409	9,989	7,958	592	8,550
Liabilities of activities to be sold or discontinued						
TOTAL CONSOLIDATED LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**77,244**	**6,989**	**84,233**	**76,970**	**9,432**	**86,402**

Note 1.1.2 - Segment reporting by operating segment - Income statement

	31.12.2012			31.12.2011 *pro forma*			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Earned premiums	8,218	2,545	10,763	8,670	2,635	11,305	9,755	4,096	13,851
Net banking income, net of cost of risk	231		231	234		234	234		234
Investment income	2,179	275	2,453	2,462	307	2,769	2,563	406	2,970
Investment expenses	(511)	(40)	(551)	(506)	(40)	(546)	(530)	(57)	(588)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	497	(32)	465	271	48	318	191	50	241
Change in fair value of investments recognised at fair value through profit or loss	380	66	446	(414)	(10)	(423)	(418)	(10)	(427)
Change in impairment on investments	(285)	15	(270)	(3,668)	(351)	(4,019)	(3,750)	(361)	(4,111)
Total income from ordinary activities	**10,708**	**2,829**	**13,538**	**7,048**	**2,589**	**9,638**	**8,045**	**4,124**	**12,169**
Insurance policy servicing expense	(8,307)	(1,994)	(10,301)	(6,225)	(1,938)	(8,163)	(6,812)	(3,006)	(9,819)
Income on outward reinsurance	1,194	329	1,523	224	32	256	279	83	363
Expenses on outward reinsurance	(1,358)	(448)	(1,806)	(500)	(112)	(612)	(615)	(169)	(784)
Banking operating expenses	(223)		(223)	(225)		(225)	(225)		(225)
Contract acquisition costs	(964)	(423)	(1,387)	(970)	(433)	(1,403)	(1,184)	(753)	(1,937)
Administration costs	(629)	(171)	(800)	(617)	(185)	(802)	(716)	(255)	(971)
Other current operating income and expenses	(259)	(60)	(318)	(309)	(80)	(389)	(370)	(80)	(450)
CURRENT OPERATING EARNINGS	**163**	**63**	**226**	**(1,574)**	**(126)**	**(1,700)**	**(1,598)**	**(56)**	**(1,654)**
Other operating income and expenses	60	(362)	(303)	116	(159)	(44)	112	(160)	(49)
OPERATING EARNINGS	**223**	**(299)**	**(76)**	**(1,458)**	**(285)**	**(1,743)**	**(1,486)**	**(217)**	**(1,703)**
Financing expenses	(127)		(128)	(87)	(2)	(89)	(87)	(2)	(89)
Share in earnings of associates	(13)	8	(5)	19		19	19		19
Income tax	(57)	(4)	(60)	3	10	13	(34)	(5)	(39)
NET EARNINGS FROM CONTINUING ACTIVITIES	**26**	**(295)**	**(269)**	**(1,523)**	**(277)**	**(1,800)**	**(1,589)**	**(223)**	**(1,812)**
Net earnings from discontinued operations	(160)	(174)	(334)	(65)	53	(12)			
Overall net earnings	**(134)**	**(469)**	**(603)**	**(1,588)**	**(223)**	**(1,812)**	**(1,589)**	**(223)**	**(1,812)**
of which minority interests	19		19						
OF WHICH NET EARNINGS (GROUP SHARE)	**(153)**	**(469)**	**(622)**	**(1,588)**	**(223)**	**(1,812)**	**(1,589)**	**(223)**	**(1,812)**

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

Note 1.2 - Segment reporting by business

Note 1.2.1 - Segment reporting by business - Balance sheet

(in millions of euros)	31.12.2012 Insurance	31.12.2012 Bank	31.12.2012 Inter-sector eliminations	31.12.2012 Total	31.12.2011 Insurance	31.12.2011 Bank	31.12.2011 Inter-sector eliminations	31.12.2011 Total
Goodwill	2,214	20		2,234	2,930	20		2,950
Other intangible assets	473	13		486	613	13		626
Insurance activity investments	73,869		(1,923)	71,947	70,287		(2,566)	67,721
Funds used in banking sector activities and investments of other activities		3,511	(25)	3,487		3,329	(27)	3,302
Investments in associates	1,039			1,039	956			956
Share of outward reinsurers and retrocessionnaires in liabilities relating to insurance and financial contracts	1,842		(155)	1,687	1,599		(277)	1,322
Other assets	5,425	175	(326)	5,275	11,265	160	(597)	10,828
Assets held for sale and discontinued activities								
Cash and cash equivalents	1,791	20	(20)	1,791	1,683	17	(17)	1,683
CONSOLIDATED TOTAL ASSETS	**86,653**	**3,740**	**(2,448)**	**87,946**	**89,333**	**3,539**	**(3,484)**	**89,388**
Reserves for contingencies and charges	418	29		447	405	25		430
Financing debts	3,212	27	(1,316)	1,923	3,416	27	(1,311)	2,132
Technical liabilities relating to insurance contracts	47,705		(159)	47,546	50,370		(287)	50,083
Technical liabilities relating to financial contracts	21,003			21,003	22,211			22,211
Deferred profit-sharing liability	204			204				
Resources of banking sector activities		3,165	(45)	3,120		3,040	(44)	2,996
Other liabilities	10,240	677	(927)	9,989	10,264	127	(1,841)	8,550
Liabilities of activities to be sold or discontinued								
TOTAL CONSOLIDATED LIABILITIES EXCLUDING SHAREHOLDERS' EQUITY	**82,782**	**3,898**	**(2,448)**	**84,233**	**86,666**	**3,219**	**(3,483)**	**86,402**

Note 1.2.2 - Segment reporting by business - Income statement

	31.12.2012									
	France					International				
(in millions of euros)	P&C	L&H	Bank	Holding	Total	P&C	L&H	Holding	Total	Total
Earned premiums	**3,259**	**4,959**			**8,218**	**1,825**	**721**		**2,545**	**10,763**
Net banking income, net of cost of risk			**231**		**231**					**231**
Investment income	136	2,033		9	2,179	116	157	2	275	2,453
Investment expenses	(74)	(466)		28	(511)	(28)	(11)		(40)	(551)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	83	438		(24)	497	(2)	(30)		(32)	465
Change in fair value of investments recognised at fair value through profit or loss	8	411		(39)	380	8	58		66	446
Change in impairment on investments	(12)	(272)		(1)	(285)	16	(1)		15	(270)
TOTAL INCOME FROM ORDINARY ACTIVITIES	**3,401**	**7,103**	**231**	**(27)**	**10,708**	**1,935**	**893**	**2**	**2,829**	**13,538**
Insurance policy servicing expense	(2,368)	(5,939)			(8,307)	(1,228)	(766)		(1,994)	(10,301)
Income on outward reinsurance	912	282			1,194	322	8		329	1,523
Expenses on outward reinsurance	(1,068)	(289)			(1,358)	(440)	(8)		(448)	(1,806)
Banking operating expenses			(223)		(223)					(223)
Contract acquisition costs	(453)	(511)			(964)	(327)	(95)		(423)	(1,387)
Administration costs	(261)	(368)			(629)	(113)	(58)		(171)	(800)
Other current operating income and expenses	(103)	(37)	3	(121)	(259)	(50)	(6)	(4)	(60)	(318)
CURRENT OPERATING EARNINGS	**60**	**240**	**11**	**(148)**	**163**	**98**	**(33)**	**(2)**	**63**	**226**
Other operating income and expenses	85	(21)		(4)	60	(54)	(9)	(299)	(362)	(302)
OPERATING EARNINGS	**145**	**219**	**11**	**(152)**	**223**	**44**	**(42)**	**(301)**	**(299)**	**(76)**
Financing expenses	(1)	(1)		(126)	(127)					(128)
Share in earnings of associates	(8)	(5)			(13)	8			8	(5)
Income tax	(70)	(45)	(6)	64	(57)	(36)	32		(4)	(60)
NET EARNINGS FROM CONTINUING ACTIVITIES	**66**	**168**	**6**	**(214)**	**26**	**16**	**(10)**	**(301)**	**(295)**	**(269)**
Net earnings from discontinued operations				(160)	(160)	(2)	2	(174)	(174)	(334)
NET INCOME	**66**	**168**	**6**	**(374)**	**(134)**	**14**	**(8)**	**(475)**	**(469)**	**(603)**
of which minority interests	7	12			19					19
OF WHICH NET EARNINGS (GROUP SHARE)	**59**	**156**	**6**	**(374)**	**(153)**	**14**	**(8)**	**(475)**	**(469)**	**(622)**

	31.12.2011 *pro forma*									
	France					International				
(in millions of euros)	**P&C**	**L&H**	**Bank**	**Holding**	**Total**	**P&C**	**L&H**	**Holding**	**Total**	**Total**
Earned premiums	**2,959**	**5,710**			**8,670**	**1,829**	**807**		**2,635**	**11,305**
Net banking income, net of cost of risk			**234**		**234**					**234**
Investment income	157	2,301		4	2,462	125	177	4	307	2,768
Investment expenses	(49)	(461)		3	(506)	(29)	(10)		(39)	(546)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	185	84		1	271	25	22		48	318
Change in fair value of investments recognised at fair value through profit or loss	(16)	(419)		21	(414)	(4)	(6)		(10)	(423)
Change in impairment on investments	(430)	(3,239)			(3,668)	(135)	(216)		(351)	(4,019)
TOTAL INCOME FROM ORDINARY ACTIVITIES	**2,807**	**3,977**	**234**	**30**	**7,048**	**1,812**	**774**	**4**	**2,590**	**9,638**
Insurance policy servicing expense	(1,834)	(4,391)			(6,225)	(1,161)	(777)		(1,938)	(8,163)
Income on outward reinsurance	174	50			224	14	19		32	256
Expenses on outward reinsurance	(454)	(46)			(500)	(102)	(10)		(112)	(612)
Banking operating expenses			(225)		(225)					(225)
Contract acquisition costs	(431)	(539)			(970)	(328)	(104)		(433)	(1,403)
Administration costs	(266)	(351)			(617)	(123)	(62)		(185)	(802)
Other current operating income and expenses	(82)	(56)	6	(177)	(309)	(63)	(13)	(4)	(80)	(389)
CURRENT OPERATING EARNINGS	**(86)**	**(1,356)**	**14**	**(147)**	**(1,574)**	**49**	**(173)**		**(125)**	**(1,700)**
Other operating income and expenses	91	26		(1)	116	(59)	(10)	(90)	(159)	(44)
OPERATING EARNINGS	**5**	**(1,330)**	**14**	**(148)**	**(1,458)**	**(10)**	**(184)**	**(90)**	**(284)**	**(1,743)**
Financing expenses	(1)	(1)		(86)	(87)			(1)	(2)	(88)
Share in earnings of associates	9	9			19					19
Income tax	(31)	(129)	(7)	170	3	(1)	11		10	13
NET EARNINGS FROM CONTINUING ACTIVITIES	**(18)**	**(1,450)**	**7**	**(64)**	**(1,523)**	**(11)**	**(173)**	**(92)**	**(276)**	**(1,799)**
Net earnings from discontinued operations	(65)				(65)	45	8		53	(12)
NET INCOME	**(83)**	**(1,450)**	**7**	**(64)**	**(1,589)**	**34**	**(165)**	**(92)**	**(223)**	**(1,812)**
of which minority interests	1	(1)								
OF WHICH NET EARNINGS (GROUP SHARE)	**(82)**	**(1,449)**	**7**	**(64)**	**(1,589)**	**34**	**(165)**	**(92)**	**(223)**	**(1,812)**

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

	31.12.2011									
	France					International				
(in millions of euros)	P&C	L&H	Bank	Holding	Total	P&C	L&H	Holding	Total	Total
Earned premiums	**4,045**	**5,710**			**9,755**	**3,001**	**1,095**		**4,096**	**13,851**
Net banking income, net of cost of risk			**234**		**234**					**234**
Investment income	258	2,301		4	2,563	190	212	4	406	2,970
Investment expenses	(73)	(461)		3	(530)	(41)	(16)	(1)	(57)	(588)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	105	84		1	191	27	23		50	241
Change in fair value of investments recognised at fair value through profit or loss	(20)	(419)		21	(418)	(4)	(5)		(10)	(427)
Change in impairment on investments	(512)	(3,239)			(3,750)	(140)	(221)		(361)	(4,111)
TOTAL INCOME FROM ORDINARY ACTIVITIES	**3,803**	**3,977**	**234**	**30**	**8,045**	**3,033**	**1,089**	**3**	**4,124**	**12,169**
Insurance policy servicing expense	(2,421)	(4,391)			(6,812)	(1,968)	(1,039)		(3,006)	(9,819)
Income on outward reinsurance	230	50			279	31	52		83	363
Expenses on outward reinsurance	(569)	(46)			(615)	(126)	(44)		(169)	(784)
Banking operating expenses			(225)		(225)					(225)
Contract acquisition costs	(645)	(539)			(1,184)	(616)	(137)		(753)	(1,937)
Administration costs	(364)	(351)			(716)	(184)	(71)		(255)	(971)
Other current operating income and expenses	(143)	(55)	6	(177)	(369)	(63)	(13)	(4)	(80)	(449)
CURRENT OPERATING EARNINGS	**(110)**	**(1,356)**	**14**	**(147)**	**(1,598)**	**107**	**(162)**	**(1)**	**(56)**	**(1,654)**
Other operating income and expenses	87	26		(1)	112	(60)	(10)	(90)	(160)	(49)
OPERATING EARNINGS	**(23)**	**(1,330)**	**14**	**(148)**	**(1,486)**	**47**	**(173)**	**(91)**	**(217)**	**(1,703)**
Financing expenses	(1)	(1)		(86)	(87)			(1)	(2)	(89)
Share in earnings of associates	9	9			19					19
Income tax	(68)	(129)	(7)	170	(34)	(13)	8		(5)	(39)
NET EARNINGS FROM CONTINUING ACTIVITIES	**(82)**	**(1,450)**	**7**	**(64)**	**(1,589)**	**34**	**(165)**	**(92)**	**(223)**	**(1,812)**
Net earnings from discontinued operations										
NET INCOME	**(82)**	**(1,450)**	**7**	**(64)**	**(1,589)**	**34**	**(165)**	**(92)**	**(223)**	**(1,812)**
of which minority interests	1	(1)								
OF WHICH NET EARNINGS (GROUP SHARE)	**(83)**	**(1,449)**	**7**	**(64)**	**(1,589)**	**34**	**(165)**	**(92)**	**(223)**	**(1,812)**

NOTE 2 GOODWILL

(in millions of euros)	31.12.2012 Gross value	Impairment	Foreign exchange adjustment	Net value	31.12.2011 Net value
OPENING VALUE	**3,485**	**(289)**	**(246)**	**2,950**	**3,141**
Newly consolidated entities					
Eliminations from the scope of consolidation	**(445)**	**7**	**(1)**	**(439)**	**(30)**
France					
Countries of Central and Eastern Europe		(260)	8	(252)	(81)
Turkey			8	8	(40)
United Kingdom		(30)	5	(25)	4
Greece		(9)		(9)	(45)
Spain					
Other changes during the fiscal year		**(299)**	**21**	**(278)**	**(161)**
CLOSING VALUE	**3,040**	**(581)**	**(226)**	**2,234**	**2,950**

(a) Other changes during the year

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

Eliminations from the scope of consolidation

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

- €265 million related to the sale of Gan Eurocourtage's P&C brokerage and marine business portfolios;
- €131 million related to the sale of the Spanish subsidiary Groupama Seguros;
- €49 million related to the sale of the subsidiaries Groupama Insurances and Lark in the United Kingdom.

Losses of value

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

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

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

(b) 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 year where no index on loss in value exists, no impairment test is carried out. Nevertheless, an internal audit is conducted on a simplified basis so as to link in to the purchase price.

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

As a general rule, the flows used correspond to:

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

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

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

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

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

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

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

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

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

Sensitivity tests have been carried out on the value in use applied, with the following change assumptions:

- rise of 100 basis points in the discount rate; and
- decline of 50 basis points in the rate of growth to long term.

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

However, for the goodwill of the CGU in countries of Central and Eastern Europe, a combined increase of 100 basis points in the discount rate and yield rate would lead to a need for additional coverage of €30 million (while a lowering by 100 basis points would result in a positive coverage effect of €40 million). On this same CGU, the sensitivity test on the long-term growth rate would also result in a negative coverage effect of €20 million if it fell by 50 basis points (it would be in excess of €23 million with an increase of 50 basis points).

For the goodwill of the CGU of the Greek subsidiary, Groupama Phoenix, an increase of 100 basis points in the discount rate would lead to a need for additional coverage of €5 million (while a lowering of the discount rate by 100 basis points would result in a surplus of €12 million). The sensitivity test on the long-term growth rate would not have a particularly significant impact (around €3 million).

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

Note 2.1 - Goodwill - Breakdown by cash generating unit

	31.12.2012				31.12.2011
(in millions of euros)	Gross value	Impairments	Foreign exchange adjustment	Net value	Net value
Countries of Central and Eastern Europe	1,026	(502)	(160)	365	619
Italy	781			781	781
Turkey	262		(35)	227	219
Spain					128
United Kingdom	142	(31)	(31)	80	146
Greece	131	(48)		83	92
Total International	**2,342**	**(581)**	**(226)**	**1,536**	**1,986**
Groupama Gan Vie	470			470	470
Gan Assurances	196			196	196
Gan Eurocourtage					265
Financial activities, real estate activities, and other insurance companies	33			33	34
Total France and Overseas	**699**			**699**	**964**
CLOSING VALUE	**3,040**	**(581)**	**(226)**	**2,234**	**2,950**

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

It should also be recalled that in fiscal years 2009, 2010, and 2011, the Group applied impairment of €243 million to the cash-generating unit of the countries of Eastern and Central Europe: €113 million in 2009 corresponding to start-up risk in the emerging countries of Eastern Europe, where the OTP Bank group is active, €79 million in 2010 from cash flows originating from the Bulgarian and Slovakian businesses, and €51 million in 2011 coming from the Romanian business. The Group also recognised an impairment of the goodwill of Greece's cash-generating unit for €39 million in 2011.

Note 2.2 - Earnings from discontinued activities

Gan Eurocourtage activity

(in millions of euros)	31.12.2012	31.12.2011
Earned premiums		1,085
Investment income net of management expenses	(4)	(88)
Other current operating income and expenses		(1,016)
Current operating earnings	**(4)**	**(19)**
Other operating income and expenses	(86)	(4)
Operating earnings	**(90)**	**(23)**
Financing expenses		
Share in earnings of associates		
Income tax	(63)	(37)
OVERALL NET INCOME	**(153)**	**(59)**
of which minority interests		
OF WHICH NET EARNINGS (GROUP SHARE)	**(153)**	**(59)**

Disposal earnings amounted to -€153 million and alone represented the net income.

Spain activity

(in millions of euros)	31.12.2012	31.12.2011
Earned premiums	443	948
Investment income net of management expenses	12	46
Other current operating income and expenses	(485)	(962)
Current operating earnings	**(30)**	**32**
Other operating income and expenses		(1)
Operating earnings	**(30)**	**31**
Financing expenses		
Share in earnings of associates		
Income tax	7	(8)
OVERALL NET INCOME	**(23)**	**24**
of which minority interests		
OF WHICH NET EARNINGS (GROUP SHARE)	**(23)**	**24**

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

United Kingdom activity

(in millions of euros)	31.12.2012	31.12.2011
Earned premiums	383	513
Investment income net of management expenses	(144)	28
Other current operating income and expenses	(377)	(504)
Current operating earnings	**(139)**	**37**
Other operating income and expenses	(1)	
Operating earnings	**(140)**	**37**
Financing expenses		
Share in earnings of associates		
Income tax	(11)	(7)
OVERALL NET INCOME	**(151)**	**30**
of which minority interests		
OF WHICH NET EARNINGS (GROUP SHARE)	**(151)**	**30**

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

Business of the Polish branch

(in millions of euros)	31.12.2012	31.12.2011
Earned premiums		
Investment income net of management expenses		
Other current operating income and expenses		(5)
Current operating earnings	**0**	**(5)**
Other operating income and expenses	(7)	
Operating earnings	**(7)**	**(5)**
Financing expenses		
Share in earnings of associates		
Income tax		
OVERALL NET INCOME	**(7)**	**(5)**
of which minority interests		
OF WHICH NET EARNINGS (GROUP SHARE)	**(7)**	**(5)**

The net income is exclusively made up of the disposal earnings, *i.e.*, -€7 million.

NOTE 3 OTHER INTANGIBLE ASSETS

(in millions of euros)	31.12.2012 Intangible assets related to insurance activity	31.12.2012 Other intangible assets	31.12.2012 Total	31.12.2011 Intangible assets related to insurance activity	31.12.2011 Other intangible assets	31.12.2011 Total
Opening gross value	**641**	**977**	**1,618**	**661**	**898**	**1,559**
Increase		103	103	4	122	126
Decrease	(58)	(30)	(88)		(35)	(35)
Foreign exchange adjustments	10	2	12	(24)	(5)	(29)
Change in scope	(62)	(19)	(81)		(3)	(3)
Closing gross value	**531**	**1,033**	**1,564**	**641**	**977**	**1,618**
Opening cumulative amortisation & impairment	**(214)**	**(703)**	**(917)**	**(192)**	**(604)**	**(796)**
Increase	(36)	(114)	(150)	(39)	(114)	(153)
Decrease	26	5	31		13	13
Foreign exchange adjustments	(6)	(1)	(7)	17	2	19
Change in scope	8	18	26			
Closing cumulative amortisation & impairment	**(222)**	**(795)**	**(1,017)**	**(214)**	**(703)**	**(917)**
Opening cumulative long-term impairment	**(71)**	**(4)**	**(75)**	**(75)**	**(4)**	**(79)**
Long-term impairment recognised						
Long-term impairment written back	11	4	15			
Foreign exchange adjustments	(1)		(1)	4		4
Change in scope						
Closing cumulative long-term impairment	**(61)**	**0**	**(61)**	**(71)**	**(4)**	**(75)**
OPENING NET VALUE	**356**	**270**	**626**	**394**	**290**	**684**
CLOSING NET VALUE	**248**	**238**	**486**	**356**	**270**	**626**

The Group's intangible fixed assets are made up of two categories:

- intangible assets related to insurance activities;
- other intangible assets.

Intangible assets related to insurance activities

Intangible assets related to insurance activities primarily correspond to values in force, values of the distribution networks, values of customer relationships and brands.

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

Other intangible assets

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

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

Note 3.1 - Other intangible assets - by operating segment

(in millions of euros)	31.12.2012 Intangible assets related to insurance activity France	31.12.2012 Intangible assets related to insurance activity International	31.12.2012 Other intangible assets France	31.12.2012 Other intangible assets International	31.12.2012 Total France	31.12.2012 Total International	31.12.2011 Total France	31.12.2011 Total International
Closing gross value	**2**	**529**	**889**	**143**	**891**	**673**	**850**	**769**
Closing cumulative amortisation & impairment		(222)	(696)	(99)	(696)	(321)	(608)	(309)
Closing cumulative long-term impairment	(1)	(61)			(1)	(61)	(16)	(60)
Amortisation and reserves	**(1)**	**(283)**	**(696)**	**(99)**	**(697)**	**(382)**	**(624)**	**(369)**
NET BOOK VALUE	**1**	**246**	**193**	**44**	**194**	**291**	**226**	**400**

NOTE 4 INVESTMENT PROPERTY, EXCLUDING UNIT-LINKED INVESTMENTS

	31.12.2012			31.12.2011		
(in millions of euros)	Property	SCI units or shares	Total	Property	SCI units or shares	Total
Opening gross value	**1,423**	**217**	**1,640**	**3,654**	**269**	**3,923**
Acquisitions	13	2	15	14	30	44
Change in scope	(124)	(106)	(230)	(2,079)	(14)	(2,093)
Subsequent expenditures						
Self-constructed assets for the fiscal year	12		12	14		14
Transfer from/to unit-linked property						
Transfer from/to operating property	113		113			
Foreign exchange adjustments	1		1	(5)		(5)
Outward reinsurance	(151)	(26)	(177)	(175)	(68)	(243)
Others	(23)		(23)			
Closing gross value	**1,264**	**87**	**1,351**	**1,423**	**217**	**1,640**
Opening cumulative depreciation	**(295)**		**(295)**	**(778)**		**(778)**
Increase	(34)		(34)	(12)		(12)
Change in scope	26		26	465		465
Transfer from/to unit-linked property						
Transfer from/to operating property	(16)		(16)	(1)		(1)
Decrease	48		48	31		31
Others	23		23			
Closing cumulative depreciation	**(248)**		**(248)**	**(295)**		**(295)**
Opening cumulative long-term impairment	**(4)**		**(4)**	**(6)**		**(6)**
Long-term impairment recognised	(5)		(5)			
Change in scope						
Long term impairment written back	3		3	2		2
Closing cumulative long-term impairment	**(6)**		**(6)**	**(4)**		**(4)**
OPENING NET VALUE	**1,124**	**217**	**1,341**	**2,870**	**269**	**3,139**
CLOSING NET VALUE	**1,010**	**87**	**1,097**	**1,124**	**217**	**1,341**
CLOSING FAIR VALUE OF INVESTMENT PROPERTIES	**2,363**	**171**	**2,534**	**2,776**	**439**	**3,215**
UNREALISED CAPITAL GAINS	**1,353**	**84**	**1,437**	**1,652**	**222**	**1,874**

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

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

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

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

Unrealised gains accruing to the Group, including property operating activities (see Note 5), amount to €422 million as at 31 December 2012 (net of profit sharing and tax), compared to €777 million at 31 December 2011. This decrease is explained by capital gains realised during the fiscal year (under conditions greater than their appraised value as at 31 December 2011).

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

Note 4.1 - Investment property - by operating segment

	31.12.2012						31.12.2011					
	Property			SCI units or shares			Property			SCI units or shares		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	**1,195**	**69**	**1,264**	**87**		**87**	**1,352**	**70**	**1,423**	**217**		**217**
Cumulative depreciation	(231)	(17)	(248)				(274)	(19)	(295)			
Long-term impairment	(1)	(5)	(6)				(4)		(4)			
Closing net value	**963**	**47**	**1,010**	**87**		**87**	**1,073**	**51**	**1,124**	**217**		**217**
Closing fair value of investment property	**2,281**	**82**	**2,363**	**171**		**171**	**2,668**	**107**	**2,775**	**439**		**439**
UNREALISED CAPITAL GAINS	**1,318**	**35**	**1,353**	**84**		**84**	**1,595**	**56**	**1,652**	**222**		**222**

Note 4.2 - Investment property by business

Note 4.2.1 - Investment property by business - France

	31.12.2012					
	Property			SCI units or shares		
(in millions of euros)	L&H	P&C	Total	L&H	P&C	Total
Gross value	**941**	**254**	**1,195**	**65**	**22**	**87**
Cumulative depreciation	(181)	(50)	(231)			
Long-term impairment	(1)		(1)			
Closing net value	**760**	**203**	**963**	**65**	**22**	**87**
Closing fair value of investment property	**1,822**	**459**	**2,281**	**109**	**63**	**171**
UNREALISED CAPITAL GAINS	**1,062**	**256**	**1,318**	**43**	**41**	**84**

	31.12.2011					
	Property			SCI units or shares		
(in millions of euros)	L&H	P&C	Total	L&H	P&C	Total
Gross value	**994**	**357**	**1,352**	**139**	**78**	**217**
Ccumulative depreciation	(208)	(66)	(274)			
Long-term impairment	(2)	(2)	(4)			
Closing net value	**784**	**290**	**1,073**	**139**	**78**	**217**
Closing fair value of investment property	**1,969**	**700**	**2,668**	**269**	**170**	**439**
UNREALISED CAPITAL GAINS	**1,185**	**410**	**1,595**	**130**	**92**	**222**

Note 4.2.2 - Investment property by business - International

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

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

NOTE 5 OPERATING ACTIVITIES PROPERTY

	31.12.2012			31.12.2011		
(in millions of euros)	Property	SCI units or shares	Total	Property	SCI units or shares	Total
Opening gross value	**908**	**12**	**921**	**901**	**12**	**914**
Acquisitions	1		1	2		2
Change in scope	(71)		(71)			
Self-constructed assets for the fiscal year	3		3	24		24
Transfer from/to investment property	(113)		(113)			
Foreign exchange adjustments	1		1	(3)		(3)
Cessions	(3)		(3)	(16)		(16)
Others	(46)		(46)			
Closing gross value	**680**	**12**	**692**	**908**	**12**	**921**
Opening cumulative depreciation	**(144)**		**(144)**	**(134)**		**(134)**
Increase	(14)		(14)	(19)		(19)
Change in scope	12		12			
Transfer from/to investment property	16		16	1		1
Decrease	6		6	8		8
Others	46		46			
Closing cumulative depreciation	**(78)**		**(78)**	**(144)**		**(144)**
Opening cumulative long-term impairment						
Long-term impairment recognised						
Change in scope						
Long-term impairment written back						
Closing cumulative long-term impairment						
OPENING NET VALUE	**764**	**12**	**776**	**767**	**12**	**779**
CLOSING NET VALUE	**602**	**12**	**614**	**764**	**12**	**776**
CLOSING FAIR VALUE OF OPERATING PROPERTY	**824**	**16**	**840**	**1,146**	**15**	**1,161**
UNREALISED CAPITAL GAINS	**222**	**4**	**226**	**382**	**3**	**385**

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

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

Note 5.1 - Operating property - by operating segment

	31.12.2012						31.12.2011					
	Property			SCI units or shares			Property			SCI units or shares		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	**617**	**64**	**681**	**12**		**12**	**774**	**134**	**908**	**12**		**12**
Cumulative depreciation	(70)	(8)	(78)				(127)	(17)	(143)			
Long-term impairment												
Closing net value	**547**	**55**	**602**	**11**		**11**	**647**	**117**	**764**	**12**		**12**
Closing fair value of operating property	**759**	**65**	**824**	**16**		**16**	**962**	**184**	**1,146**	**15**		**15**
UNREALISED CAPITAL GAINS	**212**	**10**	**222**	**5**		**5**	**315**	**67**	**382**	**4**		**4**

Note 5.2 - Operating property by business

Note 5.2.1 - Operating property by business - France

	31.12.2012					
	Property			SCI units or shares		
(in millions of euros)	L&H	P&C	Total	L&H	P&C	Total
Gross value	**523**	**94**	**617**	**6**	**6**	**12**
Cumulative depreciation	(59)	(11)	(70)			
Long-term impairment						
Closing net value	**464**	**83**	**547**	**6**	**6**	**12**
Closing fair value of operating property	**585**	**174**	**759**	**8**	**8**	**16**
UNREALISED CAPITAL GAINS	**121**	**91**	**212**	**2**	**2**	**5**

	31.12.2011					
	Buildings			SCI units or shares		
(in millions of euros)	L&H	P&C	Total	L&H	P&C	Total
Gross value	**542**	**232**	**774**	**6**	**6**	**12**
Cumulative depreciation	(76)	(51)	(127)			
Long-term impairment						
Closing net value	**466**	**182**	**647**	**6**	**6**	**12**
Closing fair value of operating property	**635**	**327**	**962**	**8**	**7**	**15**
UNREALISED CAPITAL GAINS	**170**	**145**	**315**	**2**	**2**	**4**

Note 5.2.2 - Operating property by business - International

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

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

NOTE 6 FINANCIAL INVESTMENTS (EXCLUDING UNIT-LINKED ITEMS)

	31.12.2012	31.12.2011
(in millions of euros)	Net value	Net value
Assets measured at fair value	65,345	61,071
Assets measured at amortised cost	853	907
TOTAL FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS	**66,198**	**61,978**

Total investments (excluding real estate, unit-linked items and derivatives) as at 31 December 2012 were €66,198 million and marked an increase of €4,220 million *versus* 31 December 2011.

Note 6.1 - Investments valued at fair value by operating segment

	31.12.2012								
	Net amortised cost			Fair value [1]			Gross unrealised capital gains or losses		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	3,672	234	3,906	4,073	239	4,312	401	5	406
Bonds and other fixed-income investments	37,459	4,330	41,789	39,462	4,545	44,007	2,003	215	2,218
Other investments	10		10	10		10			
Total available-for-sale assets	**41,141**	**4,564**	**45,705**	**43,545**	**4,784**	**48,329**	**2,404**	**220**	**2,624**
Trading assets									
Equities and other variable-income investments classified as "trading"	6		6	6		6			
Equities and other variable-income investments classified as "held for trading"	698	142	840	698	142	840			
Bonds and other fixed-income investments classified as "trading"	174	1	175	174	1	175			
Bonds and other fixed-income investments classified as "held for trading"	2,365	46	2,411	2,365	46	2,411			
Cash UCITS classified as "trading"	9,054	14	9,068	9,054	14	9,068			
Cash UCITS classified as "held for trading"	4,514		4,514	4,514		4,514			
Other investments classified as "trading"									
Other investments classified as "held for trading"	2		2	2		2			
Total trading assets	**16,813**	**203**	**17,016**	**16,813**	**203**	**17,016**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**57,954**	**4,767**	**62,721**	**60,358**	**4,987**	**65,345**	**2,404**	**220**	**2,624**

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

As at 31 December 2012, capital gains and losses that were unrealised but recognised for accounting purposes through equity (revaluation reserves) as investment assets available-for-sale and through profit or loss as trading investment assets were €2,624 million and €113 million, respectively, compared to -€3,634 million and -€69 million as at 31 December 2011.

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

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

	31.12.2011								
	Net amortised cost			Fair value (1)			Gross unrealised capital gains or losses		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	5,999	398	6,397	5,326	354	5,680	(673)	(44)	(717)
Bonds and other fixed-income investments	37,167	5,997	43,164	34,576	5,671	40,247	(2,591)	(326)	(2,917)
Other investments	12	2	14	12	2	14			
Total available-for-sale assets	**43,178**	**6,397**	**49,575**	**39,914**	**6,027**	**45,941**	**(3,264)**	**(370)**	**(3,634)**
Trading assets									
Equities and other variable-income investments classified as "trading"	119		119	119		119			
Equities and other variable-income investments classified as "held for trading"	1,154	311	1,465	1,154	311	1,465			
Bonds and other fixed-income investments classified as "trading"	104	23	127	104	23	127			
Bonds and other fixed-income investments classified as "held for trading"	2,331	50	2,381	2,331	50	2,381			
Cash UCITS classified as "trading"	8,394	25	8,419	8,394	25	8,419			
Cash UCITS classified as "held for trading"	2,616		2,616	2,616		2,616			
Other investments classified as "trading"									
Other investments classified as "held for trading"	3		3	3		3			
Total trading assets	**14,721**	**409**	**15,130**	**14,721**	**409**	**15,130**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**57,899**	**6,806**	**64,705**	**54,635**	**6,436**	**61,071**	**(3,264)**	**(370)**	**(3,634)**

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

Note 6.2 - Investments valued at fair value by business

Note 6.2.1 - Investments valued at fair value by business – France

	31.12.2012								
	Net amortised cost			Fair value [1]			Gross unrealised capital gains or losses		
(in millions of euros)	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	3,107	565	3,672	3,408	665	4,073	301	100	401
Bonds and other fixed-income investments	35,559	1,900	37,459	37,462	2,000	39,462	1,903	100	2,003
Other investments	1	9	10	1	9	10			
Total available-for-sale assets	**38,667**	**2,474**	**41,141**	**40,871**	**2,674**	**43,545**	**2,204**	**200**	**2,404**
Trading assets									
Equities and other variable-income investments classified as “trading”		6	6		6	6			
Equities and other variable-income investments classified as “held for trading”	613	85	698	613	85	698			
Bonds and other fixed-income investments classified as “trading”	172	2	174	172	2	174			
Bonds and other fixed-income investments classified as “held for trading”	1,970	395	2,365	1,970	395	2,365			
Cash UCITS classified as “trading”	8,019	1,035	9,054	8,019	1,035	9,054			
Cash UCITS classified as “held for trading”	4,472	42	4,514	4,472	42	4,514			
Other investments classified as “trading”									
Other investments classified as “held for trading”	1	1	2	1	1	2			
Total trading assets	**15,247**	**1,566**	**16,813**	**15,247**	**1,566**	**16,813**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**53,914**	**4,040**	**57,954**	**56,118**	**4,240**	**60,358**	**2,204**	**200**	**2,404**

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

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	31.12.2011								
	Net amortised cost			Fair value [1]			Gross unrealised capital gains or losses		
(in millions of euros)	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	4,860	1,138	5,998	4,323	1,002	5,325	(537)	(136)	(673)
Bonds and other fixed-income investments	34,672	2,495	37,167	32,224	2,352	34,576	(2,448)	(143)	(2,591)
Other investments	12		12	12		12			
Total available-for-sale assets	**39,544**	**3,633**	**43,177**	**36,559**	**3,354**	**39,913**	**(2,985)**	**(279)**	**(3,264)**
Trading assets									
Equities and other variable-income investments classified as “trading”	62	57	119	62	57	119			
Equities and other variable-income investments classified as “held for trading”	970	184	1,154	970	184	1,154			
Bonds and other fixed-income investments classified as “trading”	104		104	104		104			
Bonds and other fixed-income investments classified as “held for trading”	1,858	473	2,331	1,858	473	2,331			
Cash UCITS classified as “trading”	7,428	966	8,394	7,428	966	8,394			
Cash UCITS classified as “held for trading”	2,586	30	2,616	2,586	30	2,616			
Other investments classified as “trading”									
Other investments classified as “held for trading”	1	2	3	1	2	3			
Total trading assets	**13,009**	**1,712**	**14,721**	**13,009**	**1,712**	**14,721**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**52,553**	**5,345**	**57,898**	**49,568**	**5,066**	**54,634**	**(2,985)**	**(279)**	**(3,264)**

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

Note 6.2.2 - Investments valued at fair value by business - International

	31.12.2012								
	Net amortised cost			Fair value [1]			Gross unrealised capital gains or losses		
(in millions of euros)	L&H	P&C	Total	L&H	P&C	Total	L&H	P&C	Total
Available-for-sale assets									
Equities and other variable-income investments	141	93	234	135	104	239	(6)	11	5
Bonds and other fixed-income investments	2,347	1,983	4,330	2,458	2,087	4,545	111	104	215
Other investments									
Total available-for-sale assets	**2,488**	**2,076**	**4,564**	**2,593**	**2,191**	**4,784**	**105**	**115**	**220**
Trading assets									
Equities and other variable-income investments classified as "trading"									
Equities and other variable-income investments classified as "held for trading"	69	73	142	69	73	142			
Bonds and other fixed-income investments classified as "trading"		1	1		1	1			
Bonds and other fixed-income investments classified as "held for trading"	30	16	46	30	16	46			
Cash UCITS classified as "trading"	13		13	13		13			
Cash UCITS classified as "held for trading"									
Other investments classified as "trading"									
Other investments classified as "held for trading"									
Total trading assets	**112**	**90**	**202**	**112**	**90**	**202**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**2,600**	**2,166**	**4,766**	**2,705**	**2,281**	**4,986**	**105**	**115**	**220**

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

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

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

Note 6.3 - Investments valued at fair value - by type

(in millions of euros)	31.12.2012								
	Net amortised cost			Fair value (1)			Gross unrealised capital gains or losses		
	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	3,672	234	3,906	4,073	239	4,312	401	5	406
Assets classified as "trading"	6		6	6		6			
Assets classified as "held for trading"	698	142	840	698	142	840			
Total equities and other variable-income investments	**4,376**	**376**	**4,752**	**4,777**	**381**	**5,158**	**401**	**5**	**406**
Bonds and other fixed-income investments									
Available-for-sale assets	37,459	4,330	41,789	39,462	4,545	44,007	2,003	215	2,218
Assets classified as "trading"	174	1	175	174	1	175			
Assets classified as "held for trading"	2,365	46	2,411	2,365	46	2,411			
Total bonds and other fixed-income investments	**39,998**	**4,377**	**44,375**	**42,001**	**4,592**	**46,593**	**2,003**	**215**	**2,218**
Cash UCITS									
Assets classified as "trading"	9,054	14	9,068	9,054	14	9,068			
Assets classified as "held for trading"	4,514		4,514	4,514		4,514			
Total cash UCITS	**13,568**	**14**	**13,582**	**13,568**	**14**	**13,582**			
Other investments									
Available-for-sale assets	10		10	10		10			
Assets classified as "trading"									
Assets classified as "held for trading"	2		2	2		2			
Total other investments	**12**		**12**	**12**		**12**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**57,954**	**4,767**	**62,721**	**60,358**	**4,987**	**65,345**	**2,404**	**220**	**2,624**

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

6

	31.12.2011								
	Net amortised cost			Fair value (1)			Gross unrealised capital gains or losses		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	5,999	398	6,397	5,326	354	5,680	(673)	(44)	(717)
Assets classified as "trading"	119		119	119		119			
Assets classified as "held for trading"	1,154	311	1,465	1,154	311	1,465			
Total equities and other variable-income investments	**7,272**	**709**	**7,981**	**6,599**	**665**	**7,264**	**(673)**	**(44)**	**(717)**
Bonds and other fixed-income investments									
Available-for-sale assets	37,167	5,997	43,164	34,576	5,671	40,247	(2,591)	(326)	(2,917)
Assets classified as "trading"	104	23	127	104	23	127			
Assets classified as "held for trading"	2,331	50	2,381	2,331	50	2,381			
Total bonds and other fixed-income investments	**39,602**	**6,070**	**45,672**	**37,011**	**5,744**	**42,755**	**(2,591)**	**(326)**	**(2,917)**
Cash UCITS									
Assets classified as "trading"	8,394	25	8,419	8,394	25	8,419			
Assets classified as "held for trading"	2,616		2,616	2,616		2,616			
Total cash UCITS	**11,010**	**25**	**11,035**	**11,010**	**25**	**11,035**			
Other investments									
Available-for-sale assets	12	2	14	12	2	14			
Assets classified as "trading"									
Assets classified as "held for trading"	3		3	3		3			
Total other investments	**15**	**2**	**17**	**15**	**2**	**17**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**57,899**	**6,806**	**64,705**	**54,635**	**6,436**	**61,071**	**(3,264)**	**(370)**	**(3,634)**

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

Note 6.4 - Investments valued at amortised cost in net value

	31.12.2012			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total
Loans	113	76	189	120	91	211
Deposits	439	68	507	592	64	656
Others	156		156	40		40
TOTAL ASSETS VALUED AT AMORTISED COST	**708**	**144**	**852**	**752**	**155**	**907**

Note 6.5 - Reserves for long-term impairment of investments

	31.12.2012			31.12.2011		
	Amortised cost			Amortised cost		
(in millions of euros)	Gross	Impairment	Net	Gross	Impairment	Net
Available-for-sale assets						
Equities and other variable-income investments	5,901	(1,996)	3,905	8,558	(2,161)	6,397
Bonds and other fixed-income investments	41,794	(4)	41,790	45,467	(2,303)	43,164
Other investments	10		10	14		14
Total available-for-sale assets	**47,705**	**(2,000)**	**45,705**	**54,039**	**(4,464)**	**49,575**
Financial investments valued at amortised cost	857	(4)	853	911	(4)	907
FINANCIAL INVESTMENTS VALUED AT AMORTISED COST	**857**	**(4)**	**853**	**911**	**(4)**	**907**

The reserves for long-term impairment on investments measured at fair value amounted to €2,000 million as at 31 December 2012 compared with €4,464 million as at 31 December 2011. In total, impairment on insurance financial assets measured at fair value accounted for 3.06%.

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

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

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

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

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

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

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

Note 6.6 - Financial investments – by currency

	31.12.2012					
(in millions of euros)	Euro	Dollars	Pounds	Yen	Others	Total
Available-for-sale assets						
Equities and other variable-income investments	3,930	1			381	4,312
Bonds and other fixed-income investments	43,432	13	60		502	44,007
Other investments	10					10
Total available-for-sale assets	**47,372**	**14**	**60**	**0**	**883**	**48,329**
Trading assets						
Equities and other variable-income investments classified as "trading"	6					6
Equities and other variable-income investments classified as "held for trading"	839	1				840
Bonds and other fixed-income investments classified as "trading"	175					175
Bonds and other fixed-income investments classified as "held for trading"	2,373	1			37	2,411
Cash UCITS classified as "trading"	9,067					9,067
Cash UCITS classified as "held for trading"	4,513	1				4,514
Other investments classified as "trading"						0
Other investments classified as "held for trading"	2					2
Total trading assets	**16,975**	**3**	**0**	**0**	**37**	**17,015**
Loans and receivables						
Loans	189				1	190
Deposits	**471**				**36**	**507**
Other investments	156					156
Total loans and receivables	**816**	**0**	**0**	**0**	**37**	**853**
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND UNIT-LINKED ITEMS)	**65,163**	**17**	**60**	**0**	**957**	**66,197**

(in millions of euros)	31.12.2011 Euro	Dollar	Pounds	Yen	Others	Total
Available-for-sale assets						
Equities and other variable-income investments	5,276	54	50	6	293	5,679
Bonds and other fixed-income investments	38,819	160	785	17	466	40,248
Other investments	13					13
Total available-for-sale assets	**44,108**	**214**	**835**	**23**	**759**	**45,940**
Trading assets						
Equities and other variable-income investments classified as “trading”	119					119
Equities and other variable-income investments classified as “held for trading”	1,453	7	3	1	2	1,465
Bonds and other fixed-income investments classified as “trading”	127					127
Bonds and other fixed-income investments classified as “held for trading”	2,335	8	4	1	32	2,380
Cash UCITS classified as “trading”	8,399	13	4	1	3	8,419
Cash UCITS classified as “held for trading”	2,596	10	5	1	3	2,616
Other investments classified as “trading”						
Other investments classified as “held for trading”	3					3
Total trading assets	**15,032**	**38**	**16**	**4**	**40**	**15,130**
Loans and receivables						
Loans	202		9		1	211
Deposits	611	13			32	656
Other investments	40					40
Total loans and receivables	**853**	**13**	**9**	**0**	**33**	**907**
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND UNIT-LINKED ITEMS)	**59,993**	**265**	**860**	**27**	**832**	**61,977**

Note 6.7 - Breakdown of listed investments

(in millions of euros)	31.12.2012	31.12.2011
Equities	3,061	3,900
Shares in fixed-income mutual funds	3,079	2,624
Shares in other mutual funds	1,865	3,005
Cash UCITS	13,582	11,035
Bonds and other fixed-income securities	43,375	40,019
TOTAL LISTED INVESTMENTS	**64,961**	**60,583**

As at 31 December 2012, total long-term impairment reserves for listed investments recognised at fair value were €1,926 million, compared with €4,378 million at 31 December 2011.

Note 6.8 - Breakdown of unlisted investments

(in millions of euros)	31.12.2012	31.12.2011
Equities at fair value	232	359
Bonds and other fixed-income securities at fair value	139	113
Other investments at fair value	12	16
Loans at amortised cost	189	211
Other investments at amortised cost	664	696
TOTAL UNLISTED INVESTMENTS	**1,237**	**1,395**

As at 31 December 2012, total long-term impairment reserves for unlisted investments recognised at fair value were €74 million, compared with €85 million at 31 December 2011.

Note 6.9 - Significant investments in non-consolidated companies

	31.12.2012				31.12.2011			
(in millions of euros)	% of interest	Acquisition cost net of impairment	Fair value	Revaluation reserve (before profit sharing and tax) (1)	% of interest	Acquisition cost net of impairment	Fair value	Revaluation reserve (before profit sharing and tax) (1)
Bolloré Investissement					4.13%	159	157	(2)
Société Générale	2.47%	337	542	205	3.86%	514	514	
Lagardère					1.86%	91	50	(41)
Veolia Environnement	5.51%	241	258	17	5.48%	250	250	
Saint Gobain	1.91%	440	325	(116)	1.89%	440	300	(140)
Eiffage	6.89%	112	202	90	6.89%	112	112	
French Companies		**1,130**	**1,327**	**196**		**1,566**	**1,383**	**(183)**
Mediobanca	4.93%	147	198	51	4.93%	186	186	
OTP Bank	8.28%	262	331	93	8.28%	261	237	
Foreign Companies		**409**	**529**	**144**		**447**	**423**	
TOTAL SIGNIFICANT INVESTMENTS IN NON-CONSOLIDATED COMPANIES		**1,539**	**1,856**	**340**		**2,013**	**1,806**	**(183)**

(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 exercised.

Changes during the fiscal year

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

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

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

Note 6.10 - Breakdown of the bond portfolio

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

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

Note 6.10.1 - Bond portfolio – by rate

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

	31.12.2012			31.12.2011		
(in millions of euros)	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
Available-for-sale	41,209	1,967	43,176	37,564	2,143	39,707
Classified as trading	3	3	6	20	11	31
Classified as held for trading	85	107	192	93	187	280
Total listed bonds	**41,297**	**2,077**	**43,374**	**37,677**	**2,341**	**40,018**
Unlisted bonds						
Available-for-sale	82	49	131	67	39	106
Classified as trading						
Classified as held for trading	8	1	9	7	1	7
Total unlisted bonds	**90**	**50**	**140**	**73**	**40**	**113**
TOTAL BOND PORTFOLIO	**41,387**	**2,127**	**43,514**	**37,750**	**2,380**	**40,131**

Note 6.10.2 - Bond portfolio – by maturity

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

	31.12.2012				31.12.2011			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Listed bonds								
Available-for-sale	1,975	7,475	33,726	43,176	1,682	8,415	29,610	39,707
Classified as trading	2		4	6	4	17	10	31
Classified as held for trading	49	12	131	192	118	36	126	280
Total listed bonds	**2,026**	**7,487**	**33,861**	**43,374**	**1,804**	**8,468**	**29,746**	**40,018**
Unlisted bonds								
Available-for-sale	15	27	89	131	8		97	106
Classified as trading								
Classified as held for trading	1	4	4	9		3	4	7
Total unlisted bonds	**16**	**31**	**93**	**140**	**8**	**3**	**101**	**113**
TOTAL BOND PORTFOLIO	**2,042**	**7,518**	**33,954**	**43,514**	**1,812**	**8,471**	**29,847**	**40,131**

The distribution of the bond portfolio thus shows that the types of investments favoured by the Group are primarily long-term bonds (over 5 years) with fixed rates.

Note 6.10.3 - Bond portfolio – by rating

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

	31.12.2012						
(in millions of euros)	AAA	AA	A	BBB	< BBB	Not rated	Total
Listed bonds							
Available-for-sale	6,791	19,257	3,252	12,257	1,392	227	43,176
Classified as trading	1			1	1	3	6
Classified as held for trading	23	11	7	29	27	95	192
Total listed bonds	**6,815**	**19,268**	**3,259**	**12,287**	**1,420**	**325**	**43,374**
Unlisted bonds							
Available-for-sale		36	83	3	2	7	131
Classified as trading							
Classified as held for trading					9		9
Total unlisted bonds	**0**	**36**	**83**	**3**	**11**	**7**	**140**
TOTAL BOND PORTFOLIO	**6,815**	**19,304**	**3,342**	**12,290**	**1,431**	**332**	**43,514**

	31.12.2011						
(in millions of euros)	AAA	AA	A	BBB	< BBB	Not rated	Total
Listed bonds							
Available-for-sale	15,433	6,628	11,484	4,314	1,492	356	39,707
Classified as trading	1	6	6	14		4	31
Classified as held for trading	20	6	52	102	4	96	280
Total listed bonds	**15,454**	**6,640**	**11,542**	**4,430**	**1,496**	**456**	**40,018**
Unlisted bonds							
Available-for-sale	33		69	4			106
Classified as trading							
Classified as held for trading					1	6	7
Total unlisted bonds	**33**	**0**	**69**	**4**	**1**	**6**	**113**
TOTAL BOND PORTFOLIO	**15,487**	**6,640**	**11,611**	**4,434**	**1,497**	**462**	**40,131**

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

Note 6.10.4 - Bond portfolio – by type of bond issuer

(in millions of euros)	31.12.2012	31.12.2011
Bonds issued by EU Member States	24,750	21,890
Bonds issued by States outside the EU	159	50
Bonds from public and semi-public sectors	3,965	3,825
Corporate Bonds	14,289	14,194
Other Bonds (including bond funds)	351	172
TOTAL BOND PORTFOLIO	**43,514**	**40,131**

Note 6.11 - Sovereign debt instruments of peripheral countries in the eurozone

Note 6.11.1 - Sovereign debt securities of peripheral countries of the euro zone

	31.12.2012					
(in millions of euros)	Gross discounted cost price	Impairment	Net discounted cost price	Fair value	Gross unrealised capital gains or losses	Unrealised capital gains or losses net of profit-sharing and corporate tax
Spain	2,719		2,719	2,443	(276)	(27)
Greece						
Ireland	52		52	54	2	
Italy	7,785		7,785	7,570	(215)	(10)
Portugal	1,015		1,015	822	(193)	(28)
TOTAL	**11,571**		**11,571**	**10,888**	**(682)**	**(65)**

	31.12.2011					
(in millions of euros)	Gross discounted cost price	Impairment	Net discounted cost price	Fair value	Gross unrealised capital gains or losses	Unrealised capital gains or losses net of profit-sharing and corporate tax
Spain	2,911		2,911	2,571	(340)	(53)
Greece	3,208	(2,295)	913	913		
Ireland	84		84	69	(14)	(4)
Italy	7,640		7,640	6,142	(1,498)	(280)
Portugal	1,077		1,077	560	(517)	(127)
TOTAL	**14,919**	**(2,295)**	**12,624**	**10,255**	**(2,370)**	**(464)**

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

The changes since 31 December 2011 are explained by:

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

In addition, the exposure level on Hungary is approximately €404 million, mainly held by the Hungarian subsidiary.

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

(in millions of euros)	31.12.2012					
	Spain	Greece	Ireland	Italy	Portugal	Total
Opening sovereign debt securities	**2,537**	**155**	**69**	**5,976**	**559**	**9,296**
Change in the unrealised capital gains or losses	56		12	1,272	300	1,640
Change in scope	(137)	(4)	(20)	(189)	(23)	(373)
Acquisitions	6			434		440
Disposals/Redemptions	(76)	(151)	(7)	(434)	(24)	(692)
Foreign exchange adjustments						
CLOSING SOVEREIGN DEBT SECURITIES	**2,386**	**0**	**54**	**7,059**	**812**	**10,312**

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

To date, the mutual funds hold sovereign debt securities of peripheral countries of the eurozone, including €57 million in Spanish sovereign debt, €511 million in Italian sovereign debt and €9 million in Portuguese sovereign debt.

Note 6.11.2 - Non-sovereign debt securities of peripheral countries of the euro zone

(in millions of euros)	31.12.2012					
	Gross discounted cost price	Impairment	Net discounted cost price	Fair value	Gross unrealised capital gains or losses	Unrealised capital gains or losses net of profit-sharing and corporate tax
Spain	725		725	686	(38)	(4)
Greece						
Ireland	112		112	114	1	
Italy	902		902	890	(12)	(1)
Portugal	29		29	27	(2)	
TOTAL	**1,768**		**1,768**	**1,717**	**(51)**	**(5)**

The balance sheet value of the Group's investments in bonds issued by companies, banks, local authorities and paragovernmental organisations located in peripheral countries of the eurozone (mainly Spain and Italy) was €1,717 million as at 31 December 2012. These securities present an unrealised capital loss net of taxes and profit sharing of -€5 million.

Note 6.12 - Hierarchy of fair value

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

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

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

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

	31.12.2012				31.12.2011			
(in millions of euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
Equities and other variable-income investments	4,039	48	226	4,313	5,270	51	359	5,680
Bonds and other fixed-income investments	42,940	944	122	44,006	38,427	801	1,020	40,248
Other investments	4		5	9	3		10	13
Total available-for-sale assets	**46,983**	**992**	**353**	**48,328**	**43,700**	**852**	**1,389**	**45,941**
Trading assets								
Equities and other variable-income investments classified as “trading” or “held for trading”	291		555	846	1,068		516	1,584
Bonds and other fixed-income investments classified as “trading” or “held for trading”	2,511	5	70	2,586	2,437	12	59	2,508
Cash UCITS classified as “trading” or as “held for trading”	13,582			13,582	11,035			11,035
Other investments			2	2			3	3
Total trading assets	**16,384**	**5**	**627**	**17,016**	**14,540**	**12**	**578**	**15,130**
SUBTOTAL OF FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS	**63,367**	**997**	**980**	**65,344**	**58,240**	**864**	**1,967**	**61,071**
Unit-linked contract investments	3,188	104	667	3,959	2,675	102	730	3,507
Derivative assets and liabilities		(348)	(1)	(349)		(168)	(1)	(169)
TOTAL ASSETS AND FINANCIAL LIABILITIES VALUED AT FAIR VALUE	**66,555**	**753**	**1,646**	**68,954**	**60,915**	**798**	**2,696**	**64,409**

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

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

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

Beyond the financial assets and liabilities described in the table, the Group recorded fair-value financial contracts without discretionary profit-sharing in its technical liabilities. This amount totals €43 million as at 31 December 2012, compared to €69 million at 31 December 2011.

	31.12.2012								
	Available-for-sale assets			Trading assets					
(in millions of euros)	Equities	Bonds	Other investments	Equities	Bonds	Cash UCITS	Other investments	Unit-linked contract investments	Derivative assets and liabilities
Opening level 3 amount	**359**	**1,020**	**10**	**516**	**58**		**3**	**731**	**(1)**
Change in the unrealised capital gains or losses recognised in:									
- earnings	(5)		1	(7)	7			(130)	
- gains and losses recognised directly in shareholders' equity	14	14	(4)						
Transfer to level 3				8					
Transfer outside of level 3				(1)			(1)		
Reclassification to loans and receivables	(11)								
Change in scope	(108)	(4)	(2)	(29)					
Acquisitions	12	5		126	14			111	
Disposals/Redemptions	(36)	(913)		(58)	(10)			(72)	
Foreign exchange adjustments	1				1			27	
CLOSING LEVEL 3 AMOUNT	**226**	**122**	**5**	**555**	**70**		**2**	**667**	**(1)**

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

NOTE 7 INVESTMENTS REPRESENTING COMMITMENTS IN UNIT-LINKED INVESTMENTS

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

Unit-linked investments fall exclusively under the personal insurance activity.

NOTE 8 ASSET AND LIABILITY DERIVATIVE INSTRUMENTS AND SEPARATE EMBEDDED DERIVATIVES

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

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

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

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

NOTE 9 USES AND RESOURCES FROM BANKING SECTOR OPERATIONS

Note 9.1 - Uses of funds for banking sector activities

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

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

Pursuant to Amendment IAS 39 adopted 15 October 2008, a reclassification from the "Trading" category to the "Assets held to maturity" category of a variable-rate bank bond portfolio took place in 2008.

The change in value, which would have been recognised in the financial statements if these assets had not been reclassified, is a positive result of €1 million as at 31 December 2012. The fair value of these assets is €20 million.

Note 9.2 - Sources of funds for banking sector activities

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

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

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

NOTE 10 INVESTMENTS IN RELATED COMPANIES

(in millions of euros)	31.12.2012		31.12.2011	
	Equivalence value	Share of earnings	Equivalence value	Share of earnings
Günes Sigorta	45	3	41	1
Socomie				
CEGID	71	6	70	3
SEPAC (real estate company)			1	2
La Banque Postale IARD	80	(8)	88	(9)
Silic (real estate company)			642	23
STAR	82	4	85	1
Groupama - AVIC Property Insurance Co.	29	2	28	(3)
HOLDCO (real estate company)	730	(11)		
TOTAL	**1,039**	**(5)**	**955**	**18**

The real estate companies Silic, Sepac, and Socomie exited the consolidation scope. They are now consolidated through the consolidation level of Holdco (majority holding of *Caisse des Dépôts et Consignations*), which is also a majority shareholder of Icade.

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

Note 10.1 - Key data

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

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

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

	31.12.2012			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	32	32	64	31	38	69
Outstanding claims reserves	1,181	216	1,396	875	167	1,042
Other technical reserves	174	5	179	151	5	156
Total	**1,387**	**252**	**1,639**	**1,057**	**210**	**1,267**
Share of reinsurers in life insurance reserves						
Life insurance reserves	12	3	15	10	30	40
Outstanding claims reserves	12	3	15	1	7	8
Profit-sharing reserves	19		19	9		9
Other technical reserves				(1)		(1)
Total	**43**	**6**	**49**	**19**	**37**	**56**
Share of reinsurers in financial contract reserves						
TOTAL	**1,429**	**258**	**1,687**	**1,076**	**247**	**1,323**

Note 11.1 - Change in the share of outward reinsurers and retrocessionaires in claims reserves for Non-Life claims split by operating segment

	31.12.2012			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total
SHARE OF REINSURERS IN CLAIMS RESERVES AT OPENING	**874**	**167**	**1,041**	**932**	**197**	**1,129**
Transfers in portfolio and changes in scope of consolidation	(149)	(54)	(203)			
Share of reinsurers in the total claims expense	915	222	1,137	219	67	286
Share of reinsurers in total payments	(460)	(121)	(581)	(277)	(91)	(368)
Foreign exchange variation		1	1		(6)	(6)
SHARE OF REINSURERS IN CLAIMS RESERVES AT CLOSING	**1,181**	**215**	**1,396**	**874**	**167**	**1,041**

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

NOTE 12 OTHER PROPERTY, PLANT AND EQUIPMENT

Note 12.1 - Change in other property, plant and equipment

(in millions of euros)	31.12.2012			31.12.2011		
	Other tangible fixed assets	Other long-term operating assets	Total	Other tangible fixed assets	Other long-term operating assets	Total
Opening gross value	**497**	**50**	**547**	**446**	**51**	**497**
Acquisitions	30	1	31	91	1	93
Change in scope	(72)		(72)	(3)		(3)
Self-constructed assets for the fiscal year	(3)		(3)	1		1
Foreign exchange adjustments	2		2	(3)		(3)
Cessions	(13)	(1)	(14)	(35)	(2)	(37)
Closing gross value	**441**	**51**	**492**	**497**	**50**	**547**
Opening cumulative depreciation	**(324)**		**(324)**	**(293)**		**(293)**
Increase	(40)		(40)	(62)		(62)
Change in scope	54		54	2		2
Currency translation adjustments	(1)		(1)	2		2
Decrease	11		11	26		26
Closing cumulative depreciation	**(300)**		**(300)**	**(324)**		**(324)**
Opening cumulative long-term impairment	**(1)**	**(1)**	**(2)**	**(1)**	**(3)**	**(4)**
Long-term impairment recognised						
Change in scope						
Foreign exchange adjustments						
Permanent impairment written back					2	2
Closing accumulated permanent impairment	**(1)**	**(2)**	**(3)**	**(1)**	**(1)**	**(2)**
Opening net value	**172**	**49**	**220**	**152**	**48**	**200**
Closing net value	**140**	**49**	**189**	**172**	**49**	**220**
Year-end fair value of other property, plant and equipment	**140**	**62**	**202**	**172**	**56**	**228**
UNREALISED CAPITAL GAINS	**0**	**13**	**13**	**0**	**7**	**8**

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

Note 12.2 - Other property, plant and equipment - by operating segment

	31.12.2012						31.12.2011					
	Other tangible fixed assets			Other long-term operating assets			Other tangible fixed assets			Other long-term operating assets		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	320	121	441	51		51	310	187	497	50		50
Cumulative depreciation	(204)	(96)	(300)				(183)	(141)	(324)			
Long-term impairment	(1)		(1)	(2)		(2)	(1)		(1)	(2)		(2)
Closing net value	**115**	**25**	**140**	**49**		**49**	**126**	**46**	**172**	**48**		**48**
Closing fair value of real estate investments	**115**	**25**	**140**	**62**		**62**	**126**	**47**	**172**	**56**		**56**
UNREALISED CAPITAL GAINS				**13**		**13**				**8**		**8**

NOTE 13 DEFERRED ACQUISITION COSTS

	31.12.2012			31.12.2011		
(in millions of euros)	Gross	Deferred profit sharing	Net	Gross	Deferred profit sharing	Net
Non-life insurance policies	77		77	141		141
Life insurance policies and financial contracts with discretionary profit-sharing	159	(8)	152	177	13	189
France	**236**	**(8)**	**229**	**317**	**13**	**330**
Non-life insurance policies	66		66	216		216
Life insurance policies and financial contracts with discretionary profit-sharing	20	(2)	18	32	(1)	31
International	**86**	**(2)**	**84**	**248**	**(1)**	**247**
TOTAL DEFERRED ACQUISITION COSTS	**322**	**(9)**	**313**	**565**	**12**	**577**

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

NOTE 14 DEFERRED PROFIT SHARING

Note 14.1 - Deferred profit-sharing assets

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

Note 14.2 - Deferred profit-sharing liabilities

(in millions of euros)	31.12.2012 France	31.12.2012 International	31.12.2012 Total	31.12.2011 France	31.12.2011 International	31.12.2011 Total
Reserves for deferred profit-sharing of insurance contracts	199	5	204			
Reserves for deferred profit-sharing of financial contracts						
TOTAL	**199**		**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 financial profits between policy holders and shareholders, and corresponds to the average real rates over the past three years. This average prevents the inclusion of non-recurring, atypical factors in the calculation. In the particular case of France, a prospective analysis of the profit sharing rates was performed based on three-year business plans, which confirms the rate used in the financial statements.

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

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

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

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

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

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

NOTE 15 DEFERRED TAXES

Note 15.1 - Deferred tax assets - by operating segment

	31.12.2012			31.12.2011
(in millions of euros)	France	International	Total	Total
Deferred tax debits	234	17	252	570
TOTAL DEFERRED TAX ASSETS	**234**	**17**	**252**	**570**

Note 15.2 - Deferred tax liabilities - by operating segment

	31.12.2012			31.12.2011
(in millions of euros)	France	International	Total	Total
Deferred tax credits	445	71	516	274
TOTAL DEFERRED TAX LIABILITIES	**445**	**71**	**516**	**274**

Note 15.3 - Analysis of the major components of deferred taxes

(in millions of euros)	31.12.2012	31.12.2011
Deferred taxes resulting from timing differences		
Restatements on AFS & Trading financial instruments (net of deferred profit-sharing)	(469)	(51)
Life acquisition costs and global management expenses reserves	(72)	(34)
Consolidation restatements on technical reserves	(256)	(273)
Other differences on consolidation restatements	89	43
Deferred non-life acquisition costs	(23)	(45)
Tax differences on technical reserves and other reserves for contingencies and charges	427	471
Tax-deferred capital gains	1	(2)
Valuation difference on UCITS	(10)	(31)
Foreign exchange hedge	22	24
Other temporary tax differences	4	16
Subtotal of deferred taxes resulting from timing differences	**(288)**	**117**
Recognition of tax assets on operating losses	**23**	**179**
Deferred taxes recorded on the balance sheet	**(265)**	**296**
Assets	252	570
Liabilities	(516)	(274)

The Group's consolidated financial statements show total deferred tax liabilities of €265 million. These deferred tax liabilities may be broken down as follows:

- a deferred tax debit of €252 million as at 31 December 2012 compared with €570 million as at 31 December 2011, or a decrease of €318 million;
- a deferred tax credit of €516 million as at 31 December 2012 compared with €274 million as at 31 December 2011, or an increase of €242 million.

Deferred tax debits from ordinary losses amounted to €23 million as at 31 December 2012 compared with €179 million as at 31 December 2011, or a decrease of €156 million following the use of the stock of loss by the tax consolidation group on the 2012 tax. The stocks of deferred taxes have not been corrected for the extraordinary contribution of 5%, which applied to taxable earnings for fiscal years 2011 and 2012 for French companies with turnover exceeding €250 million (see 2011 amending finance act) and was extended over the next two fiscal years (see 2012 amending finance act). This correction would have an insignificant impact.

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

NOTE 16 RECEIVABLES FROM INSURANCE OR INWARD INSURANCE TRANSACTIONS

Note 16.1 - Receivables from insurance or inward reinsurance - by operating segment

	31.12.2012							31.12.2011
	France			International				
(in millions of euros)	Gross value	Reserves	Net amount	Gross value	Reserves	Net amount	Total	Total
Earned premiums not issued	685		685	17		17	702	954
IPolicyholders, intermediaries, and other third parties	738	(22)	716	549	(78)	470	1,186	1,733
Current accounts – co-insurers and other third parties	38		38	54	(29)	25	62	80
Current accounts – ceding and retroceding companies	251	(1)	250	3	(1)	2	253	277
TOTAL	**1,711**	**(23)**	**1,689**	**623**	**(108)**	**515**	**2,203**	**3,044**

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

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

	31.12.2012				31.12.2011			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Earned premiums not issued	702			702	954			954
Policyholders, intermediaries, and other third parties	1,148	38		1,186	1,727	7		1,733
Current accounts – co-insurers and other third parties	61	2		62	77	2		80
Current accounts – ceding and retroceding companies	236	16		252	260	17		277
TOTAL	**2,147**	**56**		**2,203**	**3,018**	**26**		**3,044**

NOTE 17 RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS

	31.12.2012			31.12.2011
(in millions of euros)	Gross value	Reserves	Net value	Net value
Outward reinsurer and retrocessionnaire current accounts	129	(14)	116	89
Other receivables from reinsurance transactions	167	(7)	160	100
TOTAL	**296**	**(20)**	**276**	**189**

Note 17.1 - Receivables from outward reinsurance transactions - by maturity

	31.12.2012				31.12.2011			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Outward reinsurer and retrocessionnaire current accounts	101	15		116	56	33		89
Other receivables from reinsurance transactions	142	17	1	160	80	20	1	100
TOTAL	**243**	**32**	**1**	**276**	**136**	**53**	**1**	**189**

NOTE 18 CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES

Note 18.1 - Current tax receivables and other tax receivables - by maturity

	31.12.2012				31.12.2011			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Current tax receivables and other tax receivables	210	4		215	162	2		164

“Current taxes receivable and other tax receivables” amounts to €215 million as at 31 December 2012 compared to €164 million as at 31 December 2011. It includes corporate tax as well as other government and public authority receivables.

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

Other tax receivables totalled €185 million as at 31 December 2012, including €52 million for international taxation, *versus* €134 million at 31 December 2011.

Other tax receivables also include €97 million on CSG (Contribution Sociale Généralisée – social security tax) and CRDS (Contribution au Remboursement de la Dette Sociale – social security debt contribution), including €87 million in advance payments for social withholdings on saving policies, the deductible VAT and VAT credits for €4 million, sundry taxes totalling €31 million (CET, CRL, TCAS, etc.), as well as taxes on foreign companies totalling €53 million.

Note 18.2 - Current tax receivables and other tax receivables - by operating segment

	31.12.2012			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total
Current tax receivables and other tax receivables	134	81	215	90	74	164

NOTE 19 OTHER RECEIVABLES

	31.12.2012			31.12.2011
(in millions of euros)	Gross values	Reserves	Total	Total
Accrued interest not yet due	706		706	747
Due from employees	19		19	18
Social agencies	2		2	2
Other debtors	756	(114)	642	947
Other receivables	385		385	398
TOTAL	**1,867**	**(114)**	**1,753**	**2,112**

Note 19.1 - Other receivables - by maturity

	31.12.2012				31.12.2011			
(in millions of euros)	< 1 year	From 1 to 5 years	> 5 years	Total	< 1 year	From 1 to 5 years	> 5 years	Total
Accrued interest not yet due	706			706	747			747
Due from employees	19			19	18			18
Social agencies	2			2	2			2
Other debtors	588	34	20	642	891	45	11	947
Other receivables	385			385	398			398
TOTAL	**1,699**	**34**	**20**	**1,753**	**2,056**	**45**	**11**	**2,112**

Note 19.2 - Other receivables - by operating segment

	31.12.2012			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total
Accrued interest not yet due	626	79	706	631	116	747
Due from employees	19	1	19	16	2	18
Social agencies	1		1	2		2
Other debtors	573	69	642	817	130	947
Other receivables	337	47	385	343	55	398
TOTAL	**1,556**	**196**	**1,753**	**1,809**	**304**	**2,112**

NOTE 20 CASH AND CASH EQUIVALENTS

Note 20.1 - Cash applied to balance sheet assets

(in millions of euros)	31.12.2012	31.12.2011
France	1,335	1,014
International	456	669
TOTAL	**1,791**	**1,683**

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

Note 20.2 - Cash applied to balance sheet liabilities

	31.12.2012				31.12.2011			
(in millions of euros)	< 1 year	From 1 to 5 years	> 5 years	Total	< 1 year	From 1 to 5 years	> 5 years	Total
Operating debts to banking sector companies	203			203	280			280
TOTAL	**203**			**203**	**280**			**280**

	31.12.2012			
	Currencies		Rate	
(in millions of euros)	Eurozone	Outside eurozone	Fixed rate	Variable rate
Operating debts to banking sector companies	203		203	
TOTAL	**203**		**203**	

NOTE 21 SHAREHOLDERS' EQUITY, MINORITY INTERESTS

Note 21.1 - Share capital limits for insurance companies

Insurance activity operations are governed by regulatory constraints that define minimum share capital in particular. In France, in accordance with the European Directive and Article R. 322-5 of the French Insurance Code, French public limited companies under the supervision of government authorities must have share capital of at least €480,000 or €800,000 depending on the insurance activity exercised.

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

Note 21.2 - Impacts of transactions with shareholders

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

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

Accounting treatment of deeply subordinated instruments issued 10 October 2007

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

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

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

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

Note 21.3 - Reserves related to changes in fair value recorded in shareholders' equity

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

(in millions of euros)	31.12.2012	31.12.2011
Gross unrealised capital gains or losses on available-for-sale assets	2,624	(3,633)
including gross unrealised capital gains or losses on available-for-sale assets allocated to L&H	2,309	(3,207)
including gross unrealised capital gains or losses on available-for-sale assets allocated to P&C	315	(426)
Shadow accounting	(1,870)	2,576
Cash flow hedge and other changes	(60)	(107)
Deferred taxes	(273)	234
Share of minority interests	(4)	
REVALUATION RESERVE – GROUP SHARE	**417**	**(930)**

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

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

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

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

NOTE 22 CONTINGENT LIABILITIES

	31.12.2012						
	France			International			Total
(in millions of euros)	Reserves for pensions and similar obligations	Other contingencies and charges [(1)]	Total	Reserves for pensions and similar obligations	Other contingencies and charges [(1)]	Total	
OPENING BALANCE	**193**	**84**	**277**	**89**	**64**	**153**	**430**
Changes in the scope of consolidation, changes in accounting methods and transfers	(16)	(1)	(17)	(50)	(4)	(54)	(71)
Allocations for fiscal year	63	89	152	7	23	30	182
Write-backs for fiscal year	(35)	(23)	(58)	(4)	(32)	(36)	(94)
Foreign exchange variation				2	(1)	1	1
CLOSING BALANCE	**205**	**149**	**354**	**44**	**50**	**94**	**447**

(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.

	31.12.2011						
	France			International			Total
(in millions of euros)	Reserves for pensions and similar obligations	Other contingencies and charges [(1)]	Total	Reserves for pensions and similar obligations	Other contingencies and charges [(1)]	Total	
OPENING BALANCE	**179**	**85**	**264**	**92**	**66**	**158**	**422**
Change in scope and changes in accounting methods							
Allocations for fiscal year	19	42	61	8	20	27	89
Write-backs for fiscal year	(5)	(43)	(48)	(10)	(21)	(31)	(80)
Foreign exchange variation					(1)	(1)	(1)
CLOSING BALANCE	**193**	**84**	**277**	**89**	**64**	**153**	**430**

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

NOTE 23 INFORMATION PERTAINING TO PERSONNEL BENEFITS – DEFINED BENEFIT PLANS

Note 23.1 - Reserve for pensions at year-end

(in millions of euros)	31.12.2012 Post-employment benefits	31.12.2012 Other long term benefits	31.12.2012 Total	31.12.2011 Post-employment benefits	31.12.2011 Other long term benefits	31.12.2011 Total
Opening actuarial debt	**494**	**35**	**529**	**461**	**31**	**492**
Cost of past services	12	3	15	8	3	11
Benefits paid	(6)	(1)	(7)	(12)	(2)	(14)
Interest on actuarial debt	4	1	5	18	1	19
Actuarial gains (losses) (actual variations)	(13)	(7)	(20)	(4)	(2)	(6)
Actuarial gains (losses) (hypothetical variations)	36	2	38	6	5	11
Changes in the plan						
Change in scope of consolidation	(8)	(5)	(13)			
Changes in exchange rates	7		7	8		8
Others	3	7	10	9	(1)	8
Year-end actuarial debt (A)	**528**	**36**	**563**	**494**	**35**	**529**
Opening fair value of hedging assets	**246**		**246**	**221**		**221**
Return on hedging assets				13		13
Benefits paid				(10)		(10)
Required contributions	13		13	11		11
Actuarial gains (losses)				4		4
Change in scope of consolidation						
Changes in exchange rates	6		6	7		7
Others	51		51			
Year-end fair value of hedging assets (B)	**315**		**315**	**246**		**246**
YEAR-END NET ACTUARIAL DEBT (A) - (B)	**214**	**36**	**249**	**247**	**35**	**283**

The changes in scope of consolidation are related to the sale of businesses in France (Gan Eurocourtage).

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

Note 23.2 - Change in the reserve for pensions recognised in the balance sheet under contingent liabilities

	31.12.2012			31.12.2011		
(in millions of euros)	Post-employment benefits	Other long term benefits	Total	Post-employment benefits	Other long term benefits	Total
Opening amount recognised in contingent liabilities	**247**	**36**	**283**	**240**	**31**	**271**
Present value of commitment	2	3	5	15	4	19
Actuarial differences affecting shareholders' equity	23		23	(1)		(1)
Write-back of reserves for benefits paid by the employer	(4)	(1)	(5)	(7)		(7)
Reclassifications			0			
Change in scope	(8)	(5)	(13)		1	1
Changes in exchange rates	1		1			
Others	(47)	3	(44)			
YEAR-END AMOUNT RECOGNISED IN CONTINGENT LIABILITIES	**214**	**36**	**250**	**247**	**36**	**283**

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

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

Note 23.3 - Post-employment benefits expense recognised in the income statement and in shareholders' equity

(in millions of euros)	31.12.2012	31.12.2011
Cost of past services	(12)	(8)
Benefits paid by the employer	(6)	(12)
Interest on actuarial debt	(4)	(18)
Return expected from hedging assets		13
SORIE Option	23	(1)
Plan changes		9
Effects of exchange rate changes	(2)	
Others		
ANNUAL RETIREMENT EXPENSE	**(1)**	**(17)**

Note 23.4 - Information pertaining to employee benefits - Distribution of hedging assets

(in millions of euros)	31.12.2012	31.12.2011
Equities	223	166
Bonds	56	54
General euro funds	22	10
Others	14	16
YEAR-END FAIR VALUE OF ASSETS	**315**	**246**

Note 23.5 - Principal actuarial assumptions

(in millions of euros)	31.12.2012 France	United Kingdom	Others	Total	31.12.2011 France	United Kingdom	Others	Total
Actuarial debt	203	317	45	565	203	283	43	529
Fair value of hedging assets	22	293	1	316	10	234	2	246
Net actuarial debt	**181**	**24**	**44**	**249**	**193**	**49**	**41**	**283**
Principal actuarial assumptions								
Discount rate	2.75%	4.50%	3.50%		4.25%	4.80%	4.25%	
Yield expected from plan assets	2.00%	6.37%			2.00%	6.14%	2.00%	
Expected salary/pension increase	1.94%	3.00%	4.26%		2.40%	3.00%	4.35%	
Staff turnover								
- 18 to 34 years	6.10%	NA	NS		4.90%	NA	NS	
- 35 to 44 years	4.30%	NA	NS		3.70%	NA	NS	
- 45 to 54 years	1.20%	NA	NS		1.50%	NA	NS	
- 55 and older	0.00%	NA	NS		0.00%	NA	NS	

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

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

The sensitivity to a 50-bp change in this discount rate is -5.7% on the gross actuarial debt total for France, and -9.5% for the United Kingdom.

Sensitivity of total social commitments corresponding to health coverage plans as at 31 December 2012, the actuarial debt corresponding to health coverage plans totalled €10.2 million. The sensitivity of this debt to a 50-bp increase in the discount rate is -5.23%.

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

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

(in millions of euros)	31.12.2010 France	United Kingdom	Others	Total	31.12.2009 France	United Kingdom	Others	Total
Actuarial debt	185	261	46	492	173	240	45	458
Fair value of hedging assets	6	212	2	220	5	184	2	191
Net actuarial debt	**179**	**49**	**44**	**272**	**168**	**56**	**43**	**267**
Principal actuarial assumptions								
Discount rate	4.50%	5.60%	4.90%		5.25%	5.70%	5.20%	
Yield expected from plan assets	2.00%	6.58%	2.00%		2.45%	6.78%	2.00%	
Expected salary/pension increase	2.58%	3.40%	6.06%		1.88%	3.30%	5.87%	
Staff turnover								
- 18 to 34 years	4.98%	NA	NS		0 to 20%	NA	NS	
- 35 to 44 years	3.57%	NA	NS		0 to 6%	NA	NS	
- 45 to 54 years	1.93%	NA	NS		0 to 10%	NA	NS	
- 55 and older	0.00%	NA	NS		0.00%	NA	NS	

(in millions of euros)	31.12.2008			
	France	United Kingdom	Others	Total
Actuarial debt	172	187	48	407
Fair value of hedging assets	4	154	2	160
Net actuarial debt	**168**	**33**	**46**	**247**
Principal actuarial assumptions				
Discount rate	5.50%	6.40%	3.90%	
Yield expected from plan assets	4.50%	7.19%	4.60%	
Expected salary/pension increase	3.00%	2.75%	3.00%	
Staff turnover				
- 18 to 34 years	0 to 20%	NA	NS	
- 35 to 44 years	0 to 15%	NA	NS	
- 45 to 54 years	0 to 10%	NA	NS	
- 55 and older	0.00%	NA	NS	

Note 23.6 - Breakdown of employee expenses

(in millions of euros)	31.12.2012	31.12.2011
Salaries	(660)	(808)
Social security expenses	(280)	(346)
Post-employment benefits		
Defined contribution plans		
Defined benefit plans	(1)	(17)
Anniversary days and employee awards	(3)	(3)
Other personnel benefits	(30)	(47)
ANNUAL SALARY EXPENSES	**(974)**	**(1,221)**

Note 23.7 - History of actuarial commitments and the value of hedging assets

(in millions of euros)	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Opening actuarial debt	**529**	**492**	**458**	**407**	**512**
Cost of past services	15	11	23	17	9
Benefits paid	(7)	(14)	(20)	(24)	(22)
Interest on actuarial debt	5	19	20	22	23
Actuarial gains (losses) (actual variations)	(20)	(6)	2	4	(50)
Actuarial gains (losses) (hypothetical variations)	38	11	18	42	(7)
Changes in the plan			(13)	2	
Change in scope of consolidation	(13)		(3)	(8)	1
Changes in exchange rates	7	8	8	14	(61)
Others	10	8	(1)	(18)	2
Year-end actuarial debt (A)	**563**	**529**	**492**	**458**	**407**
Opening fair value of hedging assets	**246**	**221**	**191**	**160**	**242**
Return on hedging assets		13	12	11	15
Benefits paid		(10)	(8)	(11)	(11)
Required contributions	13	11	8	10	8
Actuarial gains (losses)		4	10	10	(44)
Change in scope of consolidation					
Changes in exchange rates	6	7	6	11	(49)
Others	51				
Year-end fair value of hedging assets (B)	**316**	**246**	**220**	**191**	**160**
YEAR-END NET ACTUARIAL DEBT (A) - (B)	**249**	**283**	**272**	**267**	**247**

NOTE 24 FINANCIAL DEBT

Note 24.1 - Financial debt by maturity

(in millions of euros)	31.12.2012				31.12.2011			
	< 1 year	From 1 to 5 years	> 5 years	Total	< 1 year	From 1 to 5 years	> 5 years	Total
Subordinated debt			1,238	1,238			1,245	1,245
including subordinated debts of insurance companies.			1,238	1,238			1,245	1,245
including subordinated debts of banking companies.								
Financing debts represented by securities								
Financing debts to banking sector companies	651	4	29	684	820	4	63	888
TOTAL	**651**	**4**	**1,268**	**1,922**	**820**	**4**	**1,309**	**2,133**

Debt commitments outside the Group fell by €201 million as at 31 December 2012 corresponding mainly to:

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

Note 24.2 - Other financial debt - by currency and rate

	31.12.2012			
	Currencies		Rate	
(in millions of euros)	Eurozone	Outside eurozone	Fixed rate	Variable rate
Subordinated debt	1,238		1,238	
Financing debts represented by securities				
Financing debts to banking sector companies	684		671	13
TOTAL	**1,923**		**1,910**	**13**

"Subordinated debts" corresponds to the issue of several debenture loans:

- 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 to defer the payment of interest in the event that the coverage of the Group's solvency margin is less than 150%.

  As at 31 December 2012, the rating for this issue is 63% compared with 35% as at 31 December 2011. This quotation is the result of valuation of a counterparty as the liquidity of this security is very low;
- a fixed interest loan in the form of subordinated redeemable securities (TSR) issued in October 2009 by Groupama SA for an amount of €750 million.

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

As at 31 December 2012, the rating for this issue is 85% compared with 49% as at 31 December 2011.

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

"Financing debts to banking sector companies" amounts to €684 million and corresponds to the use of a syndicated loan for €651 million on a total line of credit of €1 billion and a lease debt for €33 million.

These loans do not contain a covenant clause.

NOTE 25 LIABILITIES RELATED TO INSURANCE POLICIES

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

	31.12.2012			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total
Gross technical reserves for reinsurance						
Life insurance reserves	29,237	1,348	30,585	28,451	1,921	30,372
Outstanding claims reserves	671	69	740	1,089	89	1,178
Reserves for profit-sharing	524	20	544	427	17	443
Other technical reserves	12	29	41	22	29	51
Total life insurance	**30,444**	**1,467**	**31,911**	**29,990**	**2,055**	**32,045**
Reserves for unearned premiums	659	759	1,418	805	1,385	2,191
Outstanding claims reserves	5,866	2,109	7,975	7,196	2,979	10,175
Other technical reserves	1,874	49	1,923	1,893	83	1,976
Total non-life insurance	**8,399**	**2,917**	**11,317**	**9,895**	**4,448**	**14,342**
Life insurance reserves for unit-linked policies	**3,432**	**886**	**4,319**	**2,882**	**814**	**3,696**
TOTAL	**42,276**	**5,270**	**47,546**	**42,766**	**7,317**	**50,084**

Technical liabilities of insurance policies decreased by €2,538 million between 31 December 2011 and 31 December 2012. The disposals of businesses in France, Spain and England during fiscal year 2012 led to a decrease in technical liabilities of €4,121 million (€1,981 million for France and €2,140 million abroad). This decrease is partially offset by an increase in life insurance technical reserves for the France region (+€786 million) as well as an increase in technical reserves for unit-linked contracts (+€550 million) for this same region.

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

Note 25.2 - Technical liabilities related to insurance policies by business

Note 25.2.1 - Technical liabilities related to insurance policies by business – France

	31.12.2012			31.12.2011		
(in millions of euros)	L&H	P&C	Total	L&H	P&C	Total
Gross technical reserves for reinsurance						
Life insurance reserves	29,237		29,237	28,451		28,451
Outstanding claims reserves	671		671	1,089		1,089
Reserves for profit-sharing	524		524	427		427
Other technical reserves	12		12	22		22
Total life insurance	**30,444**		**30,444**	**29,989**		**29,989**
Reserves for unearned premiums	42	617	659	40	765	805
Outstanding claims reserves	870	4,996	5,866	836	6,360	7,196
Other technical reserves	1,513	362	1,875	1,431	462	1,893
Total non-life insurance	2,425	5,975	8,400	2,307	7,587	9,894
Life insurance reserves for unit-linked policies	**3,432**		**3,432**	**2,882**		**2,882**
TOTAL GROSS TECHNICAL RESERVES RELATED TO INSURANCE POLICIES	**36,301**	**5,975**	**42,276**	**35,178**	**7,587**	**42,765**

Note 25.2.2 - Technical liabilities related to insurance policies by business – International

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

Note 25.3 - Breakdown of technical reserves for insurance policies by main categories

	31.12.2012			31.12.2011		
(in millions of euros)	Gross life insurance reserves	Gross outstanding claims reserves	Total	Gross life insurance reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	367	21	388	160	2	162
Individual insurance	9,736	257	9,993	10,061	698	10,759
Group policies	205	6	211	214	7	222
Others	2,256		2,256	2,132	22	2,154
Total reserves for single-premium policies	**12,564**	**285**	**12,849**	**12,567**	**730**	**13,296**
Periodic-premium contracts						
Capitalisation	377	8	385	457	22	479
Individual insurance	7,186	180	7,366	7,098	125	7,222
Group policies	7,483	237	7,720	7,404	266	7,670
Others	603	3	606	643	3	645
Total reserves for periodic premium policies	**15,649**	**429**	**16,077**	**15,601**	**416**	**16,017**
Inward reinsurance	**2,373**	**26**	**2,399**	**2,204**	**33**	**2,237**
TOTAL	**30,586**	**740**	**31,326**	**30,372**	**1,178**	**31,550**

(in millions of euros)	31.12.2012 Reserves for unearned premiums	31.12.2012 Gross outstanding claims reserves	31.12.2012 Total	31.12.2011 Reserves for unearned premiums	31.12.2011 Gross outstanding claims reserves	31.12.2011 Total
Non-life insurance						
Motor insurance	650	2,227	2,877	951	3,003	3,954
Bodily injury	97	494	591	134	509	643
Property damage	268	588	856	629	1,112	1,741
General third party liability	50	454	504	83	1,008	1,091
Marine, aviation, transport	10	331	341	11	534	545
Others	166	688	854	214	1,023	1,237
Inward reinsurance	**177**	**3,193**	**3,370**	**169**	**2,986**	**3,155**
TOTAL NON-LIFE INSURANCE RESERVES	**1,418**	**7,975**	**9,393**	**2,191**	**10,175**	**12,366**

Note 25.4 - Change in Non-Life outstanding claims reserves

(in millions of euros)	31.12.2012 France	31.12.2012 International	31.12.2012 Total	31.12.2011 France	31.12.2011 International	31.12.2011 Total
Opening reserves for non-life claims	**7,196**	**2,979**	**10,175**	**7,271**	**3,123**	**10,394**
Transfers in portfolio and changes in scope of consolidation	**(1,711)**	**(923)**	**(2,634)**	**(3)**		**(3)**
Claims expense for the current year	3,549	1,332	4,881	3,917	2,407	6,325
Claims expense for prior years	342	51	393	(190)	(94)	(283)
Total claims expense	**3,891**	**1,383**	**5,274**	**3,728**	**2,314**	**6,041**
Claims payments for the current year	(1,718)	(649)	(2,367)	(1,749)	(1,265)	(3,015)
Claims payments for prior years	(1,792)	(688)	(2,481)	(2,051)	(1,171)	(3,222)
Total payments	**(3,510)**	**(1,337)**	**(4,848)**	**(3,800)**	**(2,436)**	**(6,237)**
Foreign exchange variation		**7**	**7**		**(22)**	**(22)**
TOTAL	**5,866**	**2,109**	**7,975**	**7,196**	**2,979**	**10,175**

Note 25.5 - Impact of gross claims

(in millions of euros)	2008	2009	2010	2011	2012
Estimate of the claims expense					
At end of N	3,824	4,635	4,714	4,540	4,877
At end of N+1	3,812	4,495	4,825	4,833	
At end of N+2	3,674	4,461	4,817		
At end of N+3	3,665	4,479			
At end of N+4	3,689				
At end of N+5					
Claims expense	**3,689**	**4,479**	**4,817**	**4,833**	**4,877**
Cumulative claims payments	**3,273**	**3,982**	**4,117**	**3,723**	**2,364**
Outstanding claims reserves	**416**	**497**	**700**	**1,110**	**2,513**
Earned premiums	**5,115**	**5,724**	**6,097**	**6,383**	**6,845**
CLAIMS AND RESERVES/EARNED PREMIUM	**72.1%**	**78.2%**	**79.0%**	**75.7%**	**71.2%**

The 2008 to 2011 data are restated for discontinued operations.

The table of claim trends shows changes in estimates of the gross claims expense per year of occurrence covering the years 2008 to 2012, *i.e.*, movements 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 (adjusted 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

	31.12.2012			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total
Year-end non-life annuity actuarial reserves (net of recoveries)	**1,811**	**24**	**1,835**	**1,762**	**28**	**1,790**
Year-end non-life annuity actuarial reserves (net of recoveries) before change in discount rate	1,781	24	1,805	1,748	28	1,776
Year-end non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,230	24	2,254	2,280	35	2,315
Technical interest	(449)		(449)	(532)	(7)	(539)
Impact of change in discount rate	30		30	15		15

› Proportion ceded

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

NOTE 26 LIABILITIES RELATED TO FINANCIAL CONTRACTS

(in millions of euros)	31.12.2012	31.12.2011
Reserves for financial contracts with discretionary profit-sharing		
Life technical reserves	20,607	21,907
Reserves for unit-linked contracts	24	104
Outstanding claims reserves	243	85
Reserves for profit-sharing	53	40
Other technical reserves	27	
Total	**20,954**	**22,135**
Reserves for financial contracts without discretionary profit-sharing		
Life technical reserves	7	7
Reserves for unit-linked contracts	43	69
Outstanding claims reserves		
Reserves for profit-sharing		
Other technical reserves		
Total	**50**	**76**
TOTAL	**21,004**	**22,211**

Note 26.1 - Liabilities relating to financial contracts (excluding unit-linked) split by operating segment

	31.12.2012			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total
Reserves for life financial contracts	19,448	1,166	20,614	20,619	1,294	21,914
Outstanding claims reserves	238	5	243	56	28	85
Profit-sharing reserves	36	17	53	37	2	40
Other technical reserves	27		27			
TOTAL	**19,749**	**1,188**	**20,937**	**20,712**	**1,325**	**22,038**

Note 26.2 - Breakdown of liabilities relating to financial contracts by major category

(in millions of euros)	31.12.2012			31.12.2011		
	Reserves for life financial contracts	Gross outstanding claims reserves	Total	Reserves for life financial contracts	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	301	6	307	786	41	828
Individual insurance	19,194	224	19,418	19,699	32	19,730
Group policies	84		84	78		78
Others						
Total reserves for single-premium policies	**19,578**	**230**	**19,809**	**20,563**	**73**	**20,636**
Periodic-premium contracts						
Capitalisation	124	1	125	190	2	192
Individual insurance	384	5	389	646	5	651
Group policies	524	6	530	504	5	509
Others	3		3	9		9
Total reserves for periodic premium policies	**1,035**	**13**	**1,047**	**1,350**	**11**	**1,362**
Inward reinsurance						
TOTAL LIFE INSURANCE RESERVES	**20,614**	**243**	**20,856**	**21,914**	**85**	**21,998**

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

(in millions of euros)	31.12.2012			31.12.2011		
	France	International	Total	France	International	Total
OPENING ACTUARIAL RESERVES	**49,071**	**3,215**	**52,285**	**48,043**	**3,304**	**51,347**
Premiums for the year	2,808	236	3,044	3,170	437	3,608
Portfolio transfer/changes in scope of consolidation		(565)	(565)			
Interest credited	235	71	307	340	93	433
profit-sharing	1,179	14	1,193	1,147	14	1,160
Policies at term	(528)	(127)	(655)	(296)	(208)	(504)
Redemptions	(2,783)	(318)	(3,101)	(2,272)	(369)	(2,641)
Annuity arrears	(490)	(3)	(492)	(473)	(6)	(480)
Death benefits	(890)	(11)	(902)	(611)	(20)	(631)
Other changes	82	2	84	23	(30)	(7)
TOTAL YEAR-END ACTUARIAL RESERVES	**48,685**	**2,514**	**51,199**	**49,071**	**3,215**	**52,285**

NOTE 28 DEBTS TO CONSOLIDATED UCITS UNITHOLDERS

	31.12.2012			31.12.2011		
(in millions of euros)	Insurance	Bank	Total	Insurance	Bank	Total
Debts to consolidated UCITS unitholders	974		974	628		628
TOTAL	**974**		**974**	**628**		**628**

NOTE 29 LIABILITIES FROM INSURANCE OR INWARD REINSURANCE ACTIVITIES

	31.12.2012				31.12.2011			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Insured, intermediaries, and other third parties	487	3		490	596	4		600
Co-insurers	65	10		75	86	9		95
Current accounts – ceding and retroceding companies	42	4		46	23	3		26
TOTAL	**594**	**17**		**611**	**705**	**16**		**721**

NOTE 30 LIABILITIES FROM OUTWARD REINSURANCE ACTIVITIES

	31.12.2012				31.12.2011			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Outward reinsurer and retrocessionaire current accounts	228	8		237	230	22		252
Other liabilities from reinsurance activities	182	4		186	82	6		88
TOTAL	**410**	**13**		**423**	**312**	**28**		**340**

NOTE 31 CURRENT TAXES PAYABLE AND OTHER TAX LIABILITIES

	31.12.2012				31.12.2011			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Current tax debts and other tax debts	217	4		221	268	2		271
TOTAL	**217**	**4**		**221**	**268**	**2**		**271**

"Current taxes payable and other tax liabilities" amounted to €221 million as at 31 December 2012 compared to €271 million as at 31 December 2011. This item includes corporate taxes due in France and abroad as well as other debts due to the government and public authorities.

Current tax payables totalled €91 million as at 31 December 2012, *versus* €71 million at 31 December 2011, and are broken down into:

- €51 million for companies in the tax consolidation scope, *i.e.*, a corporate tax expense of €135 million minus advance payments to the DGE for €84 million;
- €2 million for French companies not within the tax consolidation scope or paying tax abroad;
- €38 million for foreign companies.

Other tax payables totalled €130 million as at 31 December 2012, including €38 million for foreign companies, *versus* €199 million at 31 December 2011.

NOTE 32 OTHER DEBT

Note 32.1 - Other debt – by operating segment

	31.12.2012			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total
Due to employees	162	7	169	167	8	175
Social agencies	125	9	134	125	12	137
Other loans, deposits and guarantees received	5,217	8	5,225	3,835	20	3,855
Miscellanous creditors	740	50	790	1,163	128	1,292
Other debts	264	31	295	229	57	286
TOTAL	**6,508**	**104**	**6,612**	**5,519**	**226**	**5,745**

The "Other loans, deposits and guarantees received" line item amounted to €5,225 million as at 31 December 2012, compared to €3,855 million as at 31 December 2011, an increase of €1,370 million. This increase mainly comes from debt resulting from the bond repurchase agreement, which amounts to €5,110 million as at 31 December 2012 compared with €3,772 as at 31 December 2011, an increase of €1,338 million, mainly from Groupama Gan Vie.

The item "miscellaneous creditors" represented €790 million at 31 December 2012, *versus* €1,292 million at 31 December 2011, down €502 million. This decrease mainly comes from the discontinuation of the securities lending activity within UCITSs.

Note 32.2 - Other debt – by maturity

	31.12.2012				31.12.2011			
(in millions of euros)	< 1 year	From 1 to 5 years	> 5 years	Total	< 1 year	From 1 to 5 years	> 5 years	Total
Due to employees	156		14	169	161		14	175
Social agencies	134			134	137			137
Other loans, deposits and guarantees received	5,141	13	71	5,225	3,766	19	71	3,855
Miscellanous creditors	780		10	790	1,283		9	1,292
Other debts	294			294	286			286
TOTAL	**6,505**	**13**	**94**	**6,612**	**5,632**	**19**	**95**	**5,745**

Note 32.3 - Other debt – by currency and by rate

	31.12.2012			
	Currencies		Rates	
(in millions of euros)	Eurozone	Non-euro zone	Fixed rate	Variable rate
Due to employees	167	2	169	
Social agencies	131	3	134	
Other loans, deposits and guarantees received	5,224		5,214	11
Miscellanous creditors	749	41	790	
Other debts	294	1	295	
TOTAL	**6,564**	**48**	**6,601**	**11**

NOTE 33 ANALYSIS OF PREMIUM INCOME

Note 33.1 - Analysis of insurance premium income by major category

	31.12.2012			31.12.2011 *pro forma*			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Individual retirement savings	2,367	387	2,754	3,183	436	3,619	3,183	558	3,741
Individual protection	438	107	545	438	116	554	438	138	576
Individual health	559	67	626	534	83	617	534	131	665
Others	119		119	116		116	116		116
Individual L&H insurance	**3,482**	**561**	**4,043**	**4,271**	**635**	**4,906**	**4,271**	**826**	**5,097**
Group retirement savings	207	63	270	242	62	304	242	63	305
Group protection	554	76	630	537	68	605	537	105	642
Group health	490	24	514	434	43	477	434	98	532
Others	225		225	226		226	226		226
Group L&H insurance	**1,475**	**163**	**1,638**	**1,439**	**173**	**1,612**	**1,439**	**266**	**1,705**
LIFE AND HEALTH INSURANCE	**4,958**	**724**	**5,682**	**5,709**	**808**	**6,518**	**5,709**	**1,092**	**6,801**
Motor insurance	891	1,341	2,232	830	1,343	2,173	928	1,852	2,780
Other vehicles	52		52	52		52	70		70
Home insurance	490	176	666	467	170	637	512	437	949
Individual and professional P&C	285	13	298	256	11	267	377	39	416
Construction	102		102	103		103	152		152
Individuals and professionals	**1,820**	**1,530**	**3,350**	**1,708**	**1,524**	**3,232**	**2,039**	**2,329**	**4,368**
Fleets	219	12	231	217	17	234	272	101	373
Business and local authorities property	330	185	516	291	190	481	559	405	964
Business and local authorities	**549**	**197**	**746**	**508**	**207**	**715**	**831**	**506**	**1,337**
Agricultural risks	218	87	305	213	93	306	213	125	338
Climate risks	153		153	147		147	147		147
Tractors & Farming Equipment	87		87	82		82	82		82
Agricultural trades	**458**	**87**	**545**	**442**	**93**	**535**	**442**	**125**	**567**
Other trades	362	78	440	173	89	262	702	139	841
PROPERTY AND CASUALTY INSURANCE	**3,189**	**1,893**	**5,081**	**2,831**	**1,913**	**4,744**	**4,015**	**3,099**	**7,114**
TOTAL INSURANCE	**8,146**	**2,617**	**10,763**	**8,540**	**2,721**	**11,262**	**9,724**	**4,191**	**13,915**

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

Note 33.2 - Analysis of premium revenue by business

	31.12.2012				
(in millions of euros)	L&H	P&C	Financial activities	Total	Share %
France	4,958	3,189	269	8,416	76%
Southeastern Europe	481	1,573		2,055	19%
Southwestern Europe	61	8		69	1%
Central and Eastern Europe	182	311		493	4%
TOTAL	**5,682**	**5,082**	**269**	**11,032**	**100%**

	31.12.2011 *pro forma*					31.12.2011				
(in millions of euros)	L&H	P&C	Financial activities	Total	Share %	L&H	P&C	Financial activities	Total	Share %
France	5,709	2,832	271	8,812	76%	5,709	4,015	271	9,995	70%
Southeastern Europe	542	1,596		2,138	19%	542	1,596		2,138	15%
Southwestern Europe	61	8		70	1%	269	743		1,012	7%
Central and Eastern Europe	204	311		515	4%	204	311		515	4%
United Kingdom					0%	77	448		525	4%
TOTAL	**6,516**	**4,747**	**271**	**11,535**	**100%**	**6,801**	**7,114**	**271**	**14,186**	**100%**

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

The geographical regions are broken down as follows:

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

Note 33.3 - Analysis of banking items contributing to premium revenue

	31.12.2012			31.12.2011		
(in millions of euros)	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and similar income	50		50	25		25
Commissions (income)	59	140	199	64	142	205
Gains on financial instruments at fair value through profit or loss	9	1	9	28	1	28
Gains on available-for-sale financial assets	7	1	7	6	1	7
Income from other activities	1	3	3		5	5
TOTAL	**125**	**144**	**269**	**123**	**148**	**271**

Banking revenues shown in the consolidated financial statements correspond to banking income before taking into account refinancing costs.

NOTE 34 TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

Note 34.1 - Investment income net of investment expenses - by operating segment

	31.12.2012			31.12.2011 *pro forma*			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Investment income	**2,179**	**275**	**2,453**	**2,462**	**307**	**2,769**	**2,563**	**406**	**2,969**
Interest on deposits and financial investment income	1,915	256	2,171	2,104	274	2,378	2,186	373	2,559
Gains on foreign exchange transactions	23	13	36	20	21	41	30	21	51
Income from differences on redemption prices to be collected (premium/discount)	110	5	115	153	5	158	155	5	160
Property income	131	1	132	185	7	192	192	8	199
Other investment income									
Investment expenses	**(511)**	**(40)**	**(551)**	**(506)**	**(40)**	**(546)**	**(530)**	**(57)**	**(588)**
Interest received from reinsurers	(3)		(4)	(2)		(3)	(2)	(2)	(4)
Losses on foreign exchange transactions	(32)	(11)	(43)	(4)	(15)	(19)	(15)	(15)	(30)
Amortisation of differences on redemption prices (premium/discount)	(131)	(10)	(141)	(102)	(12)	(113)	(106)	(22)	(128)
Impairment and reserves on property	(33)	(7)	(39)	(35)	(2)	(36)	(35)	(2)	(37)
Other investment expenses	(312)	(11)	(323)	(364)	(11)	(375)	(372)	(17)	(389)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	**497**	**(32)**	**465**	**271**	**48**	**318**	**191**	**50**	**241**
Held for trading	198		198	98	5	103	102	5	107
Available-for-sale	(467)	(50)	(517)	4	21	25	(80)	24	(57)
Held to maturity									
Others	766	19	784	169	21	190	170	21	191
Change in fair value of financial instruments recognised at fair value through profit or loss	**380**	**66**	**446**	**(414)**	**(10)**	**(423)**	**(418)**	**(10)**	**(427)**
Held for trading	77	30	107	(61)	(5)	(66)	(64)	(7)	(71)
Derivatives	(116)	(1)	(117)	(190)	1	(189)	(190)	1	(189)
Adjustments on unit-linked policies	419	36	455	(164)	(5)	(168)	(164)	(4)	(167)
Change in impairments on financial instruments	**(285)**	**15**	**(270)**	**(3,668)**	**(351)**	**(4,019)**	**(3,750)**	**(361)**	**(4,111)**
Available-for-sale	(287)	15	(272)	(3,668)	(351)	(4,019)	(3,750)	(361)	(4,111)
Held to maturity									
Receivables and loans	3		3						(1)
TOTAL	**2,259**	**284**	**2,543**	**(1,856)**	**(47)**	**(1,903)**	**(1,944)**	**28**	**(1,916)**

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

6

Note 34.2 - Investment income net of investment expenses - by business

Note 34.2.1 - Investment income net of investment expenses by business – France

	31.12.2012			
(in millions of euros)	P&C	L&H	Holding	Total
Investment income	**136**	**2,033**	**9**	**2,179**
Interest on deposits and financial investment income	92	1,816	7	1,915
Gains on foreign exchange transactions	16	5	2	23
Income from differences on redemption prices to be collected (premium/discount)	1	109		110
Property income	27	104		131
Other investment income				
Investment expenses	**(74)**	**(466)**	**28**	**(511)**
Interest received from reinsurers	(3)	(1)		(3)
Losses on foreign exchange transactions	(19)	(12)	(1)	(32)
Amortisation of differences on redemption prices (premium/discount)	(6)	(125)		(131)
Impairment and reserves on property	(6)	(26)		(33)
Other investment expenses	(40)	(302)	30	(312)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	**83**	**438**	**(24)**	**497**
Held for trading	79	119	1	198
Available-for-sale	(212)	(230)	(25)	(467)
Held to maturity				
Others	216	549		766
Change in fair value of financial instruments recognised at fair value through profit or loss	**8**	**411**	**(39)**	**380**
Held for trading	10	107	(40)	77
Derivatives	(2)	(115)	1	(116)
Adjustments on unit-linked policies		419		419
Change in impairments on financial instruments	**(12)**	**(272)**	**(1)**	**(285)**
Available-for-sale	(14)	(273)		(287)
Held to maturity				
Receivables and loans	3	1	(1)	3
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**142**	**2,144**	**(27)**	**2,259**

(in millions of euros)	31.12.2011 *pro forma* P&C	L&H	Holding	Total	31.12.2011 P&C	L&H	Holding	Total
Investment income	**157**	**2,301**	**4**	**2,462**	**258**	**2,301**	**4**	**2,563**
Interest on deposits and financial investment income	115	1,985	4	2,104	197	1,985	4	2,186
Gains on foreign exchange transactions	4	16		20	14	16		30
Income from differences on redemption prices to be collected (premium/discount)	1	151		153	4	151		155
Property income	37	148		185	44	148		192
Other investment income								
Investment expenses	**(49)**	**(461)**	**3**	**(506)**	**(73)**	**(461)**	**3**	**(530)**
Interest received from reinsurers	(2)	(1)		(2)	(2)	(1)		(2)
Losses on foreign exchange transactions	(1)	(3)		(4)	(12)	(3)		(15)
Amortisation of differences on redemption prices (premium/discount)	(5)	(97)		(102)	(9)	(97)		(106)
Impairment and reserves on property	(9)	(25)		(35)	(10)	(25)		(35)
Other investment expenses	(33)	(335)	4	(364)	(40)	(335)	4	(372)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	**185**	**84**	**1**	**271**	**105**	**85**	**1**	**191**
Held for trading	6	91	1	98	10	91	1	102
Available-for-sale	161	(158)	1	4	77	(158)	1	(80)
Held to maturity								
Others	17	152		169	18	152		170
Change in fair value of financial instruments recognised at fair value through profit or loss	**(16)**	**(419)**	**21**	**(414)**	**(20)**	**(419)**	**21**	**(418)**
Held for trading	(16)	(66)	21	(61)	(20)	(66)	21	(64)
Derivatives		(190)		(190)		(190)		(190)
Adjustments on unit-linked policies		(164)		(164)		(164)		(164)
Change in impairments on financial instruments	**(430)**	**(3,239)**		**(3,668)**	**(512)**	**(3,239)**		**(3,750)**
Available-for-sale	(429)	(3,238)		(3,668)	(512)	(3,238)		(3,750)
Held to maturity								
Receivables and loans								
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**(153)**	**(1,733)**	**30**	**(1,856)**	**(241)**	**(1,733)**	**30**	**(1,944)**

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

Note 34.2.2 - Investment income net of investment expenses by business - International

	31.12.2012			
(in millions of euros)	P&C	L&H	Holding	Total
Investment income	**116**	**157**	**2**	**275**
Interest on deposits and financial investment income	101	153	2	256
Gains on foreign exchange transactions	12	1		13
Income from differences on redemption prices to be collected (premium/discount)	2	3		5
Property income				1
Other investment income				
Investment expenses	**(28)**	**(11)**		**(40)**
Interest received from reinsurers				
Losses on foreign exchange transactions	(11)	(1)		(11)
Amortisation of differences on redemption prices (premium/discount)	(5)	(5)		(10)
Impairment and reserves on property	(6)			(7)
Other investment expenses	(6)	(5)		(11)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	**(2)**	**(30)**		**(32)**
Held for trading				
Available-for-sale	(17)	(33)		(50)
Held to maturity				
Others	15	4		19
Change in fair value of financial instruments recognised at fair value through profit or loss	**8**	**58**		**66**
Held for trading	8	22		30
Derivatives				(1)
Adjustments on unit-linked policies		36		36
Change in impairments on financial instruments	**16**	**(1)**		**15**
Available-for-sale	16	(1)		15
Held to maturity				
Receivables and loans				
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**110**	**173**	**2**	**284**

(in millions of euros)	31.12.2011 *pro forma* P&C	L&H	Holding	Total	31.12.2011 P&C	L&H	Holding	Total
Investment income	**125**	**177**	**4**	**307**	**190**	**212**	**4**	**406**
Interest on deposits and financial investment income	99	171	4	274	163	206	4	373
Gains on foreign exchange transactions	19	1		21	19	1		21
Income from differences on redemption prices to be collected (premium/discount)	2	4		5	2	4		5
Property income	6	1		7	6	1		8
Other investment income								
Investment expenses	**(29)**	**(10)**	**(1)**	**(40)**	**(41)**	**(16)**	**(1)**	**(57)**
Interest received from reinsurers					(1)	(1)		(2)
Losses on foreign exchange transactions	(14)	(1)		(15)	(14)	(1)		(15)
Amortisation of differences on redemption prices (premium/discount)	(7)	(5)		(12)	(14)	(8)		(22)
Impairment and reserves on property	(1)			(2)	(1)			(2)
Other investment expenses	(6)	(4)	(1)	(11)	(10)	(6)	(1)	(17)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	**25**	**22**		**48**	**27**	**23**		**50**
Held for trading	1	5		5	1	5		5
Available-for-sale	12	9		21	13	10		24
Held to maturity								
Others	13	8		21	13	8		21
Change in fair value of financial instruments recognised at fair value through profit or loss	**(4)**	**(6)**		**(10)**	**(4)**	**(5)**		**(10)**
Held for trading	(4)	(2)		(5)	(4)	(2)		(7)
Derivatives		1		1		1		1
Adjustments on unit-linked policies		(5)		(5)		(4)		(4)
Change in impairments on financial instruments	**(135)**	**(216)**		**(351)**	**(140)**	**(221)**		**(361)**
Available-for-sale	(135)	(216)		(351)	(140)	(221)		(361)
Held to maturity								
Receivables and loans								
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**(17)**	**(33)**	**3**	**(46)**	**31**	**(6)**	**3**	**28**

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

6

Note 34.3 - Investment income net of management expenses (revenue breakdown by type of asset)

	31.12.2012				
(in millions of euros)	Income and expenses	Proceeds from disposal *	Change in fair value	Change in reserves	Total
Properties	132	784			916
Equities	142	(401)			(259)
Bonds	1,963	(160)	(22)		1,781
Equity UCITS	27	6	28		61
UCITS: Cash from repurchase agreements		19	1		20
Other cash UCITS		1	1		2
Bond UCITS	65	114	99		278
Interest on cash deposits	9				9
Other investment income	115	102	(116)	(270)	(169)
Investment income	**2,453**	**465**	**(9)**	**(270)**	**2,639**
Internal and external management expenses and other investment expenses	(299)				(299)
Other investment expenses	(252)				(252)
Investment expenses	**(551)**				**(551)**
Investment income net of expenses	**1,902**	**465**	**(9)**	**(270)**	**2,088**
Capital gains on securities representing unit-linked policies			555		555
Capital losses on securities representing unit-linked policies			(99)		(99)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**1,902**	**465**	**447**	**(270)**	**2,544**

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

(in millions of euros)	31.12.2011 *pro forma* Income and expenses	Proceeds from disposal *	Change in fair value	Change in reserves	Total	31.12.2011 Income and expenses	Proceeds from disposal *	Change in fair value	Change in reserves	Total
Properties	192	191			383	199	189			388
Equities	233	(499)	(1)		(267)	244	(571)	(1)		(328)
Bonds	2,135	552	6		2,693	2,298	555	4		2,857
Equity UCITS	27	(61)	(6)		(40)	32	(76)	(6)		(50)
UCITS: Cash from repurchase agreements		28	2		30		30	2		32
Other cash UCITS		29	3		32		29	3		32
Bond UCITS	29	26	(71)		(16)	30	34	(74)		(10)
Interest on cash deposits	12				12	15				15
Other investment income	141	51	(188)	(4,019)	(4,015)	151	51	(188)	(4,112)	(4,098)
Investment income	**2,769**	**317**	**(255)**	**(4,019)**	**(1,188)**	**2,969**	**241**	**(260)**	**(4,112)**	**(1,162)**
Internal and external management expenses and other investment expenses	(346)				(346)	(356)				(356)
Other investment expenses	(199)				(199)	(231)				(231)
Investment expenses	**(545)**				**(545)**	**(587)**				**(587)**
Investment income net of expenses	**2,224**	**317**	**(255)**	**(4,019)**	**(1,733)**	**2,382**	**241**	**(260)**	**(4,112)**	**(1,749)**
Capital gains on securities representing unit-linked policies			171		171			175		175
Capital losses on securities representing unit-linked policies			(340)		(340)			(342)		(342)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**2,224**	**317**	**(424)**	**(4,019)**	**(1,902)**	**2,382**	**241**	**(427)**	**(4,112)**	**(1,916)**

* *Net of write-back of impairment and amortisation.*
Pro forma: restated for discontinued operations (Gan Eurocourtage, Groupama Insurances, Poland and Spain).

Investment income net of investment expenses increased by €4,446 million. This fall was due mainly to the following:

- the reduction in financial revenue by €322 million, including €60 million on properties, €91 million on equities and equity mutual funds, €136 million on bonds and fixed-income mutual funds, and €29 million on other financial income;
- the increase in fair value of €871 million, of which a decrease of €625 million was posted on assets representing unit-linked policies, €174 million on assets held for trading, and €73 million on derivative instruments;
- the decrease in impairment recognised over the fiscal year. Note that fiscal year 2011 had been affected by significant impairment on Greek sovereign debts and strategic securities;
- the net increase in realised capital gains of €148 million, including increases of €593 million on properties, €165 million on equities and equity mutual funds and €51 million in other financial income and decreases of €624 million on bonds and fixed-income mutual funds and €37 million on cash mutual funds.

Note 34.3.1 - Investment income net of management expenses (revenue breakdown by type of asset) – France

	31.12.2012				
(in millions of euros)	Income and expenses	Proceeds from disposal *	Change in fair value	Change in reserves	Total
Properties	131	766			897
Equities	138	(396)			(258)
Bonds	1,733	(19)	(24)		1,690
Equity UCITS	26	6	13		45
UCITS: Cash from repurchase agreements		19	1		20
Other cash UCITS			1		1
Bond UCITS	59	114	99		272
Interest on cash deposits	1				1
Other investment income	91	6	(128)	(285)	(316)
Investment income	**2,179**	**496**	**(38)**	**(285)**	**2,352**
Internal and external management expenses and other investment expenses	(291)				(291)
Other investment expenses	(220)				(220)
Investment expenses	**(511)**				**(511)**
Investment income net of expenses	**1,668**	**496**	**(38)**	**(285)**	**1,841**
Capital gains on securities representing unit-linked policies			512		512
Capital losses on securities representing unit-linked policies			(93)		(93)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**1,668**	**496**	**381**	**(285)**	**2,260**

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

(in millions of euros)	31.12.2011 *pro forma* Income and expenses	Proceeds from disposal *	Change in fair value	Change in reserves	Total	31.12.2011 Income and expenses	Proceeds from disposal *	Change in fair value	Change in reserves	Total
Properties	185	170			355	192	168			360
Equities	228	(502)			(274)	233	(575)			(342)
Bonds	1,889	532	3		2,424	1,960	534	3		2,497
Equity UCITS	27	(61)	2		(32)	32	(76)	2		(42)
UCITS: Cash from repurchase agreements		28	2		30		30	2		32
Other cash UCITS		29	3		32		29	3		32
Bond UCITS	22	25	(71)		(24)	23	32	(74)		(19)
Interest on cash deposits						3				3
Other investment income	110	49	(189)	(3,668)	(3,698)	120	49	(189)	(3,751)	(3,771)
Investment income	**2,461**	**270**	**(250)**	**(3,668)**	**(1,187)**	**2,563**	**191**	**(253)**	**(3,751)**	**(1,250)**
Internal and external management expenses and other investment expenses	(336)				(336)	(343)				(343)
Other investment expenses	(169)				(169)	(187)				(187)
Investment expenses	**(505)**				**(505)**	**(530)**				**(530)**
Investment income net of expenses	**1,956**	**270**	**(250)**	**(3,668)**	**(1,692)**	**2,033**	**191**	**(253)**	**(3,751)**	**(1,780)**
Capital gains on securities representing unit-linked policies			138		138			138		138
Capital losses on securities representing unit-linked policies			(302)		(302)			(302)		(302)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**1,956**	**270**	**(414)**	**(3,668)**	**(1,856)**	**2,033**	**191**	**(417)**	**(3,751)**	**(1,944)**

* *Net of write-back of impairment and amortisation.*
Pro forma: restated for discontinued operations (Gan Eurocourtage, Groupama Insurances, Poland and Spain).

6

Note 34.3.2 - Investment income net of management expenses (revenue breakdown by type of asset) – International

(in millions of euros)	31.12.2012				
	Income and expenses	Proceeds from disposal *	Change in fair value	Change in reserves	Total
Properties	1	18			19
Equities	4	(5)			(1)
Bonds	230	(141)	2		91
Equity UCITS	1		15		16
UCITS: Cash from repurchase agreements					
Other cash UCITS		1			1
Bond UCITS	6				6
Interest on cash deposits	8				8
Other investment income	24	96	12	15	147
Investment income	**274**	**(31)**	**29**	**15**	**287**
Internal and external management expenses and other investment expenses	(8)				(8)
Other investment expenses	(32)				(32)
Investment expenses	**(40)**				**(40)**
Investment income net of expenses	**234**	**(31)**	**29**	**15**	**247**
Capital gains on securities representing unit-linked policies			43		43
Capital losses on securities representing unit-linked policies			(6)		(6)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**234**	**(31)**	**66**	**15**	**284**

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

(in millions of euros)	31.12.2011 *pro forma* Income and expenses	Proceeds from disposal *	Change in fair value	Change in reserves	Total	31.12.2011 Income and expenses	Proceeds from disposal *	Change in fair value	Change in reserves	Total
Properties	8	21			29	8	21			29
Equities	5	2	(1)		6	11	3	(1)		13
Bonds	246	20	2		268	338	21			359
Equity UCITS			(8)		(8)			(8)		(8)
UCITS: Cash from repurchase agreements										
Other cash UCITS										
Bond UCITS	7	2			9	7	3			10
Interest on cash deposits	12				12	12				12
Other investment income	30	2	2	(351)	(317)	31	2	2	(361)	(326)
Investment income	**308**	**47**	**(5)**	**(351)**	**(1)**	**407**	**50**	**(7)**	**(361)**	**89**
Internal and external management expenses and other investment expenses	(10)				(10)	(13)				(13)
Other investment expenses	(31)				(31)	(45)				(45)
Investment expenses	**(41)**				**(41)**	**(58)**				**(58)**
Investment income net of expenses	**267**	**47**	**(5)**	**(351)**	**(42)**	**349**	**50**	**(7)**	**(361)**	**31**
Capital gains on securities representing unit-linked policies			33		33			37		37
Capital losses on securities representing unit-linked policies			(38)		(38)			(40)		(40)
TOTAL INVESTMENT INCOME NET OF MANAGEMENT EXPENSES	**267**	**47**	**(10)**	**(351)**	**(47)**	**349**	**50**	**(10)**	**(361)**	**28**

* *Net of write-back of impairment and amortisation.*
Pro forma: restated for discontinued operations (Gan Eurocourtage, Groupama Insurances, Poland and Spain).

NOTE 35 INSURANCE POLICY SERVICING EXPENSES

Note 35.1 - Insurance policy servicing expenses - by operating segment

	31.12.2012		
(in millions of euros)	France	International	Total
Claims			
Paid to policyholders	(8,356)	(2,052)	(10,408)
Change in technical reserves			
Outstanding claims reserves	(11)	(10)	(21)
Mathematical reserves	1,788	260	2,048
Unit-linked reserves	(462)	(48)	(510)
Profit-sharing	(1,176)	(139)	(1,315)
Other technical reserves	(90)	(5)	(95)
TOTAL INSURANCE POLICY SERVICING EXPENSES	**(8,307)**	**(1,994)**	**(10,301)**

	31.12.2011 *pro forma*			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total
Claims						
Paid to policyholders	(6,964)	(2,096)	(9,060)	(7,693)	(3,249)	(10,940)
Change in technical reserves						
Outstanding claims reserves	(496)	60	(436)	(374)	147	(227)
Mathematical reserves	499	209	708	499	218	718
Unit-linked reserves	97	(13)	84	97	(5)	92
Profit-sharing	508	(97)	411	508	(115)	393
Other technical reserves	131	(2)	129	151	(5)	146
TOTAL INSURANCE POLICY SERVICING EXPENSES	**(6,225)**	**(1,938)**	**(8,163)**	**(6,812)**	**(3,007)**	**(9,818)**

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

Insurance policy servicing expenses totalled €10,301 million as at 31 December 2012, up from €8,163 million as at 31 December 2011 (*pro forma*), *i.e.*, an increase of €2,138 million, mainly in France (+€2,082 million).

This increase observed in France is explained by the outflows over fiscal year 2012.

Note 35.2 - Insurance policy servicing expenses by business

Note 35.2.1 - Insurance policy servicing expenses by business – France

	31.12.2012		
(in millions of euros)	P&C	L&H	Total
Claims			
Paid to policyholders	(2,134)	(6,222)	(8,356)
Change in technical reserves			
Outstanding claims reserves	(245)	235	(11)
Mathematical reserves		1,788	1,788
Unit-linked reserves		(462)	(462)
Profit-sharing	(2)	(1,174)	(1,176)
Other technical reserves	13	(103)	(90)
TOTAL	**(2,368)**	**(5,939)**	**(8,307)**

	31.12.2011 *pro forma*			31.12.2011		
(in millions of euros)	P&C	L&H	Total	P&C	L&H	Total
Claims						
Paid to policyholders	(1,908)	(5,057)	(6,965)	(2,636)	(5,057)	(7,694)
Change in technical reserves						
Outstanding claims reserves	(37)	(459)	(496)	85	(458)	(374)
Mathematical reserves		499	499		499	499
Unit-linked reserves		97	97		97	97
Profit-sharing		508	508	(1)	509	508
Other technical reserves	110	21	131	131	21	151
TOTAL	**(1,834)**	**(4,391)**	**(6,225)**	**(2,421)**	**(4,391)**	**(6,812)**

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

Note 35.2.2 - Insurance policy servicing expenses by business – International

	31.12.2012		
(in millions of euros)	P&C	L&H	Total
Claims			
Paid to policyholders	(1,210)	(842)	(2,052)
Change in technical reserves			
Outstanding claims reserves	(17)	7	(10)
Mathematical reserves		260	260
Unit-linked reserves		(48)	(48)
Profit-sharing		(139)	(139)
Other technical reserves	(1)	(5)	(5)
TOTAL	**(1,228)**	**(766)**	**(1,994)**

(in millions of euros)	31.12.2011 *pro forma* P&C	L&H	Total	31.12.2011 P&C	L&H	Total
Claims						
Paid to policyholders	(1,264)	(833)	(2,096)	(2,153)	(1,094)	(3,247)
Change in technical reserves						
Outstanding claims reserves	100	(39)	60	185	(38)	147
Mathematical reserves		209	209		218	218
Unit-linked reserves		(13)	(13)		(5)	(5)
Profit-sharing		(97)	(97)		(115)	(115)
Other technical reserves	3	(5)	(2)		(5)	(5)
TOTAL	**(1,161)**	**(777)**	**(1,938)**	**(1,968)**	**(1,038)**	**(3,006)**

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

NOTE 36 OUTWARD REINSURANCE INCOME (EXPENSES)

Note 36.1 - Outward reinsurance income (expenses) - by operating segment

(in millions of euros)	31.12.2012 France	International	Total	31.12.2011 *pro forma* France	International	Total	31.12.2011 France	International	Total
Acquisition and administration costs	244	121	364	43	19	61	55	28	83
Claim expenses	915	209	1,124	178	13	192	221	56	277
Change in technical reserves	23	(2)	21	3	(2)	1	3	(3)	0
Profit-sharing	12	2	14	(1)	2	1	(1)	2	1
Change in the equalisation reserve				1		1	1		1
Income on outward reinsurance	**1,194**	**330**	**1,523**	**224**	**32**	**256**	**279**	**83**	**363**
Outward premiums	(1,349)	(448)	(1,796)	(501)	(112)	(614)	(615)	(167)	(781)
Change in unearned premiums	(9)		(9)	2		2		(3)	(3)
Expenses on outward reinsurance	**(1,358)**	**(448)**	**(1,806)**	**(500)**	**(112)**	**(612)**	**(615)**	**(169)**	**(784)**
TOTAL	**(164)**	**(118)**	**(282)**	**(276)**	**(80)**	**(356)**	**(335)**	**(86)**	**(421)**

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

The changes noted between 31 December 2012 and 31 December 2011 mainly come from the establishment of a new reinsurance treaty.

Note 36.2 - Outward reinsurance income (expenses) by business

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

(in millions of euros)	31.12.2012		
	P&C	L&H	Total
Acquisition and administration costs	190	53	244
Claim expenses	719	196	915
Change in technical reserves	3	20	23
Profit-sharing		12	12
Change in the equalisation reserve			
Income from outward reinsurance	**912**	**282**	**1,194**
Outward premiums	(1,059)	(290)	(1,349)
Change in unearned premiums	(10)	1	(9)
Expenses on outward reinsurance	**(1,068)**	**(289)**	**(1,358)**
TOTAL	**(156)**	**(8)**	**(164)**

(in millions of euros)	31.12.2011 *pro forma*			31.12.2011		
	P&C	L&H	Total	P&C	L&H	Total
Acquisition and administration costs	33	9	42	46	9	55
Claim expenses	139	40	179	182	40	221
Change in technical reserves	2	1	3	2	1	3
Profit-sharing		(1)	(1)		(1)	(1)
Change in the equalisation reserve		1	1		1	1
Income from outward reinsurance	**174**	**50**	**224**	**230**	**50**	**279**
Outward premiums	(455)	(47)	(502)	(568)	(47)	(614)
Change in unearned premiums	1	1	2	(1)	1	(0)
Expenses on outward reinsurance	**(454)**	**(46)**	**(500)**	**(569)**	**(46)**	**(615)**
TOTAL	**(280)**	**4**	**(276)**	**(340)**	**4**	**(335)**

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

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

(in millions of euros)	31.12.2012		
	P&C	L&H	Total
Acquisition and administration costs	120	1	121
Claim expenses	204	5	209
Change in technical reserves	(2)		(2)
Profit-sharing		2	2
Change in the equalisation reserve			
Income from outward reinsurance	**322**	**8**	**329**
Outward premiums	(439)	(9)	(448)
Change in unearned premiums	(1)	1	0
Expenses on outward reinsurance	**(440)**	**(8)**	**(448)**
TOTAL	**(118)**	**0**	**(118)**

(in millions of euros)	31.12.2011 *pro forma* P&C	L&H	Total	31.12.2011 P&C	L&H	Total
Acquisition and administration costs	17	1	18	19	9	28
Claim expenses	(2)	15	13	14	42	56
Change in technical reserves	(1)	(1)	(2)	(1)	(2)	(3)
Profit-sharing		2	2		2	2
Change in the equalisation reserve						
Income from outward reinsurance	**13**	**18**	**32**	**31**	**52**	**83**
Outward premiums	(102)	(10)	(112)	(123)	(44)	(167)
Change in unearned premiums	(1)		(1)	(3)		(3)
Expenses on outward reinsurance	**(103)**	**(10)**	**(112)**	**(126)**	**(44)**	**(169)**
TOTAL	**(89)**	**9**	**(80)**	**(95)**	**9**	**(86)**

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

NOTE 37 OPERATING EXPENSES

Note 37.1 - Operating expenses by operating segment

	31.12.2012			31.12.2011 *pro forma*			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
External expenses	(684)	(88)	(772)	(666)	(125)	(791)	(697)	(181)	(878)
Duties and taxes	(134)	(10)	(145)	(132)	(10)	(142)	(140)	(15)	(154)
Employee-related expenses	(783)	(188)	(971)	(811)	(199)	(1,010)	(897)	(306)	(1,203)
Commissions	(975)	(397)	(1,372)	(923)	(410)	(1,334)	(1,172)	(689)	(1,861)
Amortisation and reserves (net of write-backs)	(130)	(32)	(162)	(136)	(19)	(155)	(139)	(19)	(158)
Other expenses	(48)	(87)	(135)	(71)	(94)	(165)	(76)	(97)	(172)
TOTAL OPERATING EXPENSES BY NATURE	**(2,754)**	**(802)**	**(3,556)**	**(2,740)**	**(857)**	**(3,597)**	**(3,122)**	**(1,307)**	**(4,428)**
Personnel expenses directly posted to paid services and costs				(3)		(3)	(3)		(3)
Claims management expenses	(226)	(49)	(276)	(238)	(46)	(284)	(270)	(103)	(374)
Acquisition costs	(948)	(416)	(1,364)	(953)	(427)	(1,379)	(1,177)	(748)	(1,924)
Administration costs	(629)	(171)	(800)	(617)	(185)	(802)	(716)	(255)	(971)
Other underwriting expenses	(429)	(136)	(565)	(447)	(151)	(598)	(467)	(148)	(615)
Investment management expenses	(97)	(4)	(101)	(95)	(6)	(101)	(95)	(8)	(103)
Other non-operating expenses	(202)	(25)	(227)	(162)	(43)	(205)	(168)	(44)	(212)
Banking operating expenses	(223)		(223)	(225)		(225)	(225)		(225)
TOTAL OPERATING EXPENSES BY FUNCTION	**(2,754)**	**(802)**	**(3,556)**	**(2,740)**	**(857)**	**(3,597)**	**(3,122)**	**(1,307)**	**(4,428)**

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

Note 37.2 - Operating expenses by business

	31.12.2012			31.12.2011 pro forma			31.12.2011		
(in millions of euros)	Insurance	Bank	Total	Insurance	Bank	Total	Insurance	Bank	Total
External expenses	(705)	(66)	(772)	(717)	(73)	(791)	(805)	(73)	(878)
Duties and taxes	(136)	(9)	(145)	(134)	(8)	(142)	(147)	(8)	(154)
Employee-related expenses	(850)	(122)	(971)	(885)	(125)	(1,010)	(1,078)	(125)	(1,203)
Commissions	(1,372)		(1,372)	(1,334)		(1,334)	(1,861)		(1,861)
Amortisation and reserves (net of write-backs)	(155)	(7)	(162)	(148)	(7)	(155)	(151)	(7)	(158)
Other expenses	(104)	(31)	(135)	(139)	(26)	(165)	(146)	(26)	(172)
TOTAL OPERATING EXPENSES BY NATURE	**(3,321)**	**(235)**	**(3,556)**	**(3,357)**	**(239)**	**(3,597)**	**(4,189)**	**(239)**	**(4,428)**
Personnel expenses directly posted to paid services and costs				(3)		(3)	(3)		(3)
Claims management expenses	(276)		(276)	(284)		(284)	(374)		(374)
Acquisition costs	(1,364)		(1,364)	(1,379)		(1,379)	(1,924)		(1,924)
Administration costs	(800)		(800)	(802)		(802)	(971)		(971)
Other underwriting expenses	(565)		(565)	(598)		(598)	(615)		(615)
Investment management expenses	(101)		(101)	(101)		(101)	(103)		(103)
Other non-operating expenses	(215)	(12)	(227)	(191)	(14)	(205)	(198)	(14)	(212)
Banking operating expenses		(223)	(223)		(225)	(225)		(225)	(225)
TOTAL OPERATING EXPENSES BY FUNCTION	**(3,321)**	**(235)**	**(3,556)**	**(3,357)**	**(239)**	**(3,597)**	**(4,189)**	**(239)**	**(4,428)**

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

NOTE 38 POLICY ACQUISITION COSTS

Note 38.1 - Policy acquisition costs by operating segment

	31.12.2012			31.12.2011 pro forma			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Commissions	(607)	(319)	(926)	(552)	(317)	(868)	(745)	(569)	(1,313)
Change in deferred acquisition costs	(16)	(6)	(23)	(17)	(6)	(23)	(7)	(5)	(13)
Other expenses	(341)	(98)	(439)	(401)	(110)	(511)	(432)	(179)	(611)
TOTAL	**(964)**	**(423)**	**(1,387)**	**(970)**	**(433)**	**(1,403)**	**(1,184)**	**(753)**	**(1,937)**

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

Note 38.2 - Policy acquisition costs by business

Note 38.2.1 - Policy acquisition costs by business – France

	31.12.2012		
(in millions of euros)	P&C	L&H	Total
Commissions	(342)	(265)	(607)
Change in deferred acquisition costs	1	(18)	(16)
Other expenses	(113)	(228)	(341)
TOTAL	**(453)**	**(511)**	**(964)**

	31.12.2011 *pro forma*			31.12.2011		
(in millions of euros)	P&C	L&H	Total	P&C	L&H	Total
Commissions	(288)	(264)	(552)	(481)	(264)	(745)
Change in deferred acquisition costs	4	(22)	(17)	14	(22)	(7)
Other expenses	(147)	(253)	(401)	(178)	(253)	(432)
TOTAL	**(431)**	**(539)**	**(970)**	**(645)**	**(539)**	**(1,184)**

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

Note 38.2.2 - Policy acquisition costs by business – International

	31.12.2012		
(in millions of euros)	P&C	L&H	Total
Commissions	(254)	(65)	(319)
Change in deferred acquisition costs	(3)	(4)	(6)
Other expenses	(71)	(27)	(98)
TOTAL	**(327)**	**(95)**	**(423)**

	31.12.2011 *pro forma*			31.12.2011		
(in millions of euros)	P&C	L&H	Total	P&C	Life and health insurance	Total
Commissions	(246)	(71)	(317)	(471)	(98)	(569)
Change in deferred acquisition costs	(3)	(3)	(6)	(3)	(2)	(5)
Other expenses	(79)	(31)	(110)	(142)	(37)	(179)
TOTAL	**(328)**	**(104)**	**(433)**	**(616)**	**(137)**	**(753)**

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

NOTE 39 ADMINISTRATIVE COSTS

Note 39.1 - Administrative costs by operating segment

(in millions of euros)	31.12.2012			31.12.2011 pro forma			31.12.2011		
	France	International	Total	France	International	Total	France	International	Total
Commissions	(311)	(42)	(353)	(286)	(42)	(327)	(355)	(67)	(422)
Other expenses	(318)	(129)	(447)	(331)	(143)	(474)	(361)	(189)	(549)
TOTAL	**(629)**	**(171)**	**(800)**	**(617)**	**(185)**	**(802)**	**(716)**	**(255)**	**(971)**

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

Note 39.2 - Administrative costs by business

Note 39.2.1 - Administrative costs by business – France

(in millions of euros)	31.12.2012		
	P&C	L&H	Total
Commissions	(173)	(138)	(311)
Other expenses	(88)	(230)	(318)
TOTAL	**(261)**	**(368)**	**(629)**

(in millions of euros)	31.12.2011 *pro forma*			31.12.2011		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(159)	(127)	(286)	(228)	(127)	(355)
Other expenses	(106)	(225)	(331)	(136)	(225)	(361)
TOTAL	**(266)**	**(351)**	**(617)**	**(364)**	**(351)**	**(716)**

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

Note 39.2.2 - Administrative costs by business – International

(in millions of euros)	31.12.2012		
	P&C	L&H	Total
Commissions	(28)	(14)	(42)
Other expenses	(86)	(43)	(129)
TOTAL	**(113)**	**(58)**	**(171)**

(in millions of euros)	31.12.2011 *pro forma*			31.12.2011		
	P&C	L&H	Total	P&C	L&H	Total
Commissions	(29)	(12)	(42)	(53)	(14)	(67)
Other expenses	(94)	(50)	(143)	(131)	(57)	(189)
TOTAL	**(123)**	**(62)**	**(185)**	**(184)**	**(71)**	**(255)**

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

NOTE 40 OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS

Note 40.1 - Other income and expenses from current operations by operating segment

	31.12.2012			31.12.2011 pro forma			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Commissions and other operating expenses, Life	(89)	(13)	(102)	(109)	(14)	(123)	(109)	(14)	(123)
Employee profit-sharing, Life	(5)		(5)	(1)		(1)	(1)		(1)
Other operating income, Life	22	11	33	24	11	36	24	11	36
Transfer of operating expenses and capitalised production, Life	27		27	21		21	21		21
Total income and expenses from current operations, Life	**(44)**	**(2)**	**(46)**	**(63)**	**(3)**	**(67)**	**(63)**	**(3)**	**(67)**
Non-life commissions and other operating expenses	(267)	(124)	(391)	(232)	(136)	(368)	(291)	(132)	(423)
Employee profit-sharing, Non-life	(3)	(1)	(4)	(1)	(1)	(2)	(1)	(1)	(2)
Other non-life operating income	148	56	204	119	80	199	121	72	193
Transfer of Non-life operating expenses and capitalised production	21		21	28		28	28		28
Total income and expenses from current operations, Non-life	**(101)**	**(69)**	**(171)**	**(86)**	**(57)**	**(143)**	**(143)**	**(61)**	**(204)**
Other non-operating expenses	(236)	(25)	(261)	(184)	(43)	(228)	(191)	(43)	(234)
Other non-operating income	128	36	165	25	24	49	28	27	54
Total income and expenses from current operations, Non-technical	**(108)**	**12**	**(96)**	**(159)**	**(20)**	**(178)**	**(163)**	**(16)**	**(180)**
Total income and expenses from current operations, banking	**(5)**		**(5)**						
TOTAL OTHER CURRENT OPERATING INCOME AND EXPENSES	**(259)**	**(60)**	**(318)**	**(309)**	**(80)**	**(389)**	**(370)**	**(80)**	**(450)**

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

Note 40.2 - Other income and expenses from current operations

Note 40.2.1 - Other income and expenses from current operations by business – France

	31.12.2012				
(in millions of euros)	P&C	L&H	Bank	Holding	Total
Commissions and other operating expenses, Life		(89)			(89)
Employee profit-sharing, Life		(5)			(5)
Other operating income, Life		22			22
Transfer of operating expenses and capitalised production, Life		27			27
Total income and expenses from current operations, Life		**(44)**			**(44)**
Non-life commissions and other operating expenses	(238)	(30)			(267)
Employee profit-sharing, Non-life	(2)		(1)		(3)
Other non-life operating income	118	30			148
Transfer of Non-life operating expenses and capitalised production	21				21
Total income and expenses from current operations, Non-life	**(100)**	**0**	**(1)**		**(101)**
Other non-operating expenses	(111)	(4)	(1)	(121)	(236)
Other non-operating income	108	11	9		128
Total income and expenses from current operations, Non-technical	**(3)**	**7**	**8**	**(121)**	**(108)**
Total income and expenses from current operations, banking			**(5)**		**(5)**
TOTAL OTHER CURRENT OPERATING INCOME AND EXPENSES	**(103)**	**(37)**	**3**	**(121)**	**(259)**

(in millions of euros)	31.12.2011 *pro forma* P&C	L&H	Bank	Holding	Total	31.12.2011 P&C	L&H	Bank	Holding	Total
Commissions and other operating expenses, Life		(109)			(109)		(109)			(109)
Employee profit-sharing, Life		(1)			(1)		(1)			(1)
Other operating income, Life		24			24		24			24
Transfer of operating expenses and capitalised production, Life		21			21		21			21
Total income and expenses from current operations, Life		**(63)**			**(63)**		**(63)**			**(63)**
Non-life commissions and other operating expenses	(208)	(24)			(232)	(267)	(24)			(291)
Employee profit-sharing, Non-life	(1)		(1)		(1)			(1)		(1)
Other non-life operating income	100	19			119	102	19			121
Transfer of Non-life operating expenses and capitalised production	28				28	28				28
Total income and expenses from current operations, Non-life	**(81)**	**(5)**	**(1)**		**(86)**	**(137)**	**(5)**	**(1)**		**(143)**
Other non-operating expenses	(5)	(3)		(177)	(184)	(11)	(3)		(177)	(191)
Other non-operating income	4	15	7		25	6	15	7		28
Total income and expenses from current operations, Non-technical	**(1)**	**12**	**7**	**(177)**	**(159)**	**(5)**	**12**	**7**	**(177)**	**(163)**
Total income and expenses from current operations, banking										
TOTAL OTHER CURRENT OPERATING INCOME AND EXPENSES	**(82)**	**(56)**	**6**	**(177)**	**(309)**	**(143)**	**(56)**	**6**	**(177)**	**(370)**

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

Note 40.2.2 - Other income and expenses from current operations by business – International

	31.12.2012			
(in millions of euros)	P&C	L&H	Holding	Total
Commissions and other operating expenses, Life		(13)		(13)
Employee profit-sharing, Life				
Other operating income, Life		11		11
Transfer of operating expenses and capitalised production, Life				
Total income and expenses from current operations, Life		**(2)**		**(2)**
Non-life commissions and other operating expenses	(115)	(6)	(3)	(124)
Employee profit-sharing, Non-life	(1)			(1)
Other non-life operating income	53		3	56
Transfer of Non-life operating expenses and capitalised production				
Total income and expenses from current operations, Non-life	**(63)**	**(5)**	**(1)**	**(69)**
Other non-operating expenses	(19)	(2)	(3)	(25)
Other non-operating income	33	3		36
Total income and expenses from current operations, Non-technical	**14**	**1**	**(3)**	**12**
Total income and expenses from current operations, banking				
TOTAL OTHER CURRENT OPERATING INCOME AND EXPENSES	**(50)**	**(6)**	**(4)**	**(60)**

	31.12.2011 *pro forma*				31.12.2011			
(in millions of euros)	P&C	L&H	Holding	Total	P&C	L&H	Holding	Total
Commissions and other operating expenses, Life		(14)		(14)		(15)		(15)
Employee profit-sharing, Life								
Other operating income, Life		11		11		11		11
Transfer of operating expenses and capitalised production, Life								
Total income and expenses from current operations, Life		**(3)**		**(3)**		**(3)**		**(3)**
Non-life commissions and other operating expenses	(126)	(6)	(5)	(137)	(121)	(6)	(5)	(132)
Employee profit-sharing, Non-life	(1)			(1)	(1)			(1)
Other non-life operating income	76		4	80	68		4	72
Transfer of Non-life operating expenses and capitalised production								
Total income and expenses from current operations, Non-life	**(51)**	**(6)**	**(1)**	**(58)**	**(54)**	**(6)**	**(1)**	**(61)**
Other non-operating expenses	(30)	(10)	(3)	(43)	(30)	(10)	(3)	(43)
Other non-operating income	18	6		24	21	6		27
Total income and expenses from current operations, Non-technical	**(12)**	**(4)**	**(3)**	**(20)**	**(9)**	**(4)**	**(3)**	**(16)**
Total income and expenses from current operations, banking								
TOTAL OTHER CURRENT OPERATING INCOME AND EXPENSES	**(63)**	**(13)**	**(4)**	**(80)**	**(63)**	**(13)**	**(4)**	**(80)**

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

NOTE 41 OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS

Note 41.1 - Other income and expenses from non-current operations by operating segment

	31.12.2012			31.12.2011 pro forma			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Non-current operational income	31	5	36	33	7	40	36	11	47
Expenses from non-current operations	(121)	(70)	(190)	(61)	(77)	(138)	(68)	(82)	(150)
Impairment of goodwill	(2)	(298)	(299)	(6)	(90)	(96)	(6)	(90)	(96)
Others	151		151	150		150	150		150
TOTAL	**60**	**(362)**	**(302)**	**116**	**(159)**	**(44)**	**112**	**(160)**	**(49)**

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

The balance of other net income and expenses from non-current operations amounted to a loss of -€302 million as at 31 December 2012 compared with a loss of -€49 million at 31 December 2011.

The main items comprising this total include:

- amortisation of securities in portfolio totalling -€37 million as at 31 December 2012, compared with -€43 million at 31 December 2011;
- the impairment of goodwill on the cash unit of Central and Eastern European countries recognised at 31 December 2012 for -€260 million compared to -€51 million at 31 December 2011 is broken down into Romania for €245 million compared to -€51 million at 31 December 2011 and in Bulgaria for -€15 million;
- impairment of goodwill posted at 31 December 2012 on Groupama Phoenix, totalling -€9 million compared to -€39 million at 31 December 2011;
- impairment of goodwill posted at 31 December 2012 on Cegid, totalling -€2 million compared to -€6 million at 31 December 2011;
- impairment of goodwill of the subsidiary Bollington, totalling -€30 million;
- the restatement following pensions reform, for which Groupama Gan Vie posted an extraordinary expense of -€9 million corresponding to the amortisation of the cancellation penalty;
- restructuring expenses related to the various voluntary departure plans in progress within the Group for -€63 million.

It should be noted that the Holdco consolidation shows non-current operational income of €151 million completely cancelled out by the capital loss from disposal of Silic securities of €151 million.

Note 41.2 - Other income and expenses from non-current operations by business

Note 41.2.1 - Other income and expenses from non-current operations by business – France

	31.12.2012			
(in millions of euros)	P&C	L&H	Holding	Total
Non-current operational income	23	8		31
Expenses from non-current operations	(62)	(54)	(4)	(121)
Impairment of goodwill		(2)		(2)
Others	124	27		151
TOTAL OTHER NON-CURRENT OPERATING INCOME AND EXPENSES	**85**	**(21)**	**(4)**	**60**

(in millions of euros)	31.12.2011 *pro forma* P&C	L&H	Holding	Total	31.12.2011 P&C	L&H	Holding	Total
Non-current operational income	22	11		33	25	11		36
Expenses from non-current operations	(43)	(16)	(1)	(61)	(50)	(16)	(1)	(68)
Impairment of goodwill		(6)		(6)		(6)		(6)
Others	113	37		150	113	37		150
TOTAL OTHER NON-CURRENT OPERATING INCOME AND EXPENSES	**91**	**26**	**(1)**	**116**	**87**	**26**	**(1)**	**112**

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

Note 41.2.2 - Other income and expenses from non-current operations by business – International

(in millions of euros)	31.12.2012 P&C	L&H	Holding	Total
Non-current operational income	5	1		5
Expenses from non-current operations	(60)	(10)		(70)
Impairment of goodwill	1		(299)	(298)
TOTAL OTHER NON-CURRENT OPERATING INCOME AND EXPENSES	**(54)**	**(9)**	**(299)**	**(362)**

(in millions of euros)	31.12.2011 *pro forma* P&C	L&H	Holding	Total	31.12.2011 P&C	L&H	Holding	Total
Non-current operational income	7	1		7	11	1		11
Expenses from non-current operations	(66)	(11)		(77)	(70)	(11)		(82)
Impairment of goodwill			(90)	(90)			(90)	(90)
TOTAL OTHER NON-CURRENT OPERATING INCOME AND EXPENSES	**(59)**	**(10)**	**(90)**	**(159)**	**(60)**	**(10)**	**(90)**	**(160)**

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

NOTE 42 FINANCING EXPENSES

(in millions of euros)	31.12.2012	31.12.2011 *pro forma*	31.12.2011
Interest expenses on loans and debts	(128)	(89)	(89)
Interest income and expenses - Other			
TOTAL FINANCING EXPENSES	**(128)**	**(89)**	**(89)**

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

The €39 million increase in financing expenses mainly comes from the financing expenses related to the repayment of preference shares to the Caisse des Dépôts et Consignations.

Note 42.1 - Financing expenses by business

	31.12.2012				
(in millions of euros)	P&C	L&H	Bank	Holding	Total
Interest expenses on loans and debts	(1)	(1)		(126)	(128)
Interest income and expenses - Other					
TOTAL FINANCING EXPENSES	**(1)**	**(1)**		**(126)**	**(128)**

	31.12.2011 *pro forma*					31.12.2011				
(in millions of euros)	P&C	L&H	Bank	Holding	Total	P&C	L&H	Bank	Holding	Total
Interest expenses on loans and debts	(1)	(1)		(87)	(89)	(1)	(1)		(87)	(89)
Interest income and expenses - Other										
TOTAL FINANCING EXPENSES	**(1)**	**(1)**		**(87)**	**(89)**	**(1)**	**(1)**		**(87)**	**(89)**

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

NOTE 43 BREAKDOWN OF TAX EXPENSES

Note 43.1 - Breakdown of tax expenses by operating segment

	31.12.2012			31.12.2011 *pro forma*			31.12.2011		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Current tax	(32)	(41)	(73)	(52)	(1)	(53)	(82)	(1)	(83)
Deferred tax	(24)	37	13	55	11	67	48	(4)	44
TOTAL	**(57)**	**(4)**	**(60)**	**3**	**10**	**13**	**(34)**	**(5)**	**(39)**

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

The Group underwent a tax audit in 2010. There were reserves for all approved adjustments in 2010. In contrast, reserves have not been recognised for adjustments considered to be excessive by the tax authorities for technical reserves for property and casualty as well as long-term care risk. The Group considers that the reasons for adjustments are highly questionable and has prepared technical arguments for a litigation process.

Note 43.2 - Breakdown of tax expenses by business

Note 43.2.1 - Breakdown of tax expenses by business – France

	31.12.2012				
(in millions of euros)	P&C	L&H	Bank	Holding	Total
Current tax	(81)	(110)	(13)	171	(32)
Deferred taxes	10	65	7	(107)	(24)
TOTAL TAX EXPENSE	**(70)**	**(45)**	**(6)**	**64**	**(57)**

	31.12.2011 *pro forma*					31.12.2011				
(in millions of euros)	P&C	L&H	Bank	Holding	Total	P&C	L&H	Bank	Holding	Total
Current tax	(109)	(105)	(12)	174	(52)	(139)	(105)	(12)	174	(82)
Deferred taxes	77	(24)	5	(3)	55	71	(24)	5	(3)	49
TOTAL TAX EXPENSE	**(31)**	**(129)**	**(7)**	**170**	**3**	**(68)**	**(129)**	**(7)**	**170**	**(33)**

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

Note 43.2.2 - Breakdown of tax expenses by business – International

	31.12.2012				
(in millions of euros)	P&C	L&H	Bank	Holding	Total
Current tax	(208)	167			(41)
Deferred taxes	173	(136)			37
TOTAL TAX EXPENSE	**(35)**	**31**			**(4)**

	31.12.2011 *pro forma*					31.12.2011				
(in millions of euros)	P&C	L&H	Bank	Holding	Total	P&C	L&H	Bank	Holding	Total
Current tax	(2)				(1)		(2)			(1)
Deferred taxes	1	11			11	(13)	9			(4)
TOTAL TAX EXPENSE	**(1)**	**11**			**10**	**(13)**	**8**			**(5)**

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

Note 43.3 - Reconciliation between total accounting tax expense and theoretical tax expense calculations

(in millions of euros)	31.12.2012	31.12.2011 *pro forma*	31.12.2011
THEORETICAL TAX EXPENSE	**72**	**626**	**610**
Impact of permanently non-deductible or non-taxable expenses or income	37	109	84
Impact of tax rate differences	(170)	(713)	(725)
Tax credits and other charges	1	1	1
Allocations of prior losses			
Losses for the fiscal year not capitalised			
Deferred tax debits not recognised		(9)	(9)
Other differences			
EFFECTIVE TAX EXPENSE	**(60)**	**13**	**(39)**

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

Income tax is an overall deferred tax expense plus corporate tax of -€60 million as at 31 December 2012 compared to income of €13 million as at 31 December 2011 after discontinued operations are taken into consideration.

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

This increase incorporates the current tax expense due for the tax consolidation scope of €135 million as at 31 December 2012 *versus* an expense of €69 million as at 31 December 2011 and is broken down into:

- an €82 million increase in short-term tax at 33 1/3% on current operations and also the impact due to the cap on allocation of losses (see 2011 amending finance law then 2012 amending finance law);
- a €53 million increase in long-term tax at 19% on operations relating to Silic;
- long-term tax at 0% or 4.13% on operations relating to disposals and reverses on equity securities.

The last two items combined contribute to the increase in "rate differences".

The details of the theoretical tax rate are presented as follows:

(in millions of euros)	31.12.2012 Consolidated earnings before taxes	31.12.2012 Theoretical tax rate	31.12.2011 Consolidated earnings before taxes	31.12.2011 Theoretical tax rate
France	82	34.43%	(1,555)	34.43%
Bulgaria	(14) *	10.00%		10.00%
China	2	25.00%	(3)	25.00%
Spain			31	30.00%
Greece	(1) *	20.00%	(128)	20.00%
Hungary	8	19.00%	3	19.00%
Italy	9	34.32%	(97)	34.32%
Portugal	(1)	26.50%	(5)	26.50%
Romania	(267) *	16.00%	(49)	16.00%
United Kingdom	(28) *	24.50%	45	26.50%
Slovakia	(2)	19.00%	(4)	19.00%
Tunisia	4	30.00%	1	30.00%
Turkey		20.00%	(12)	20.00%
TOTAL	**(208)**		**(1,773)**	

* *Note that the consolidated result before taxes for Bulgaria, Greece, Romania and the United Kingdom incorporates in 2012 an impairment of goodwill for €15 million, €9 million, €245 million and €30 million respectively.*

The consolidated results before tax were corrected for Gan Eurocourtage businesses, Spain and for part of the United Kingdom, which are reclassified in results from discontinued operations.

The theoretical tax rate applicable in France remains at 34.43% and has not been corrected for the extraordinary 5% contribution that applies to taxable earnings for fiscal years 2011 and 2012 for companies that have turnover exceeding €250 million. This contribution was also extended for two fiscal years by the 2012 amending finance law).

The theoretical tax rates remained stable over the period, with the exception of the British rate, which decreased from 26.5% as at 31 December 2011 to 24.5% as at 31 December 2011.

NOTE 44 RELATED PARTIES

1 - General presentation

Groupama SA and its subsidiaries, which make up the Equity Management Division of the Groupama group, maintain major lasting relationships with their controlling shareholders, the Groupama regional mutuals, which make up the Groupama group's Mutual Insurance Division. These relationships focus mainly on their insurance of the regional mutuals by Groupama SA, and, to a lesser degree, on business relationships amongst the subsidiaries of Groupama SA and the regional mutuals in the areas of insurance, banking and services.

Premium income earned by Groupama SA and its consolidated subsidiaries through the regional mutuals network involves mainly Groupama SA and Groupama Gan Vie. Based on these two entities, the contribution of the network of regional mutuals to consolidated premium income totalled €3,282 million, or 30% of total consolidated premium income for 2012.

The resulting economic inter-dependence led the Group's two major divisions to enter into agreements to protect the security of the entity as a whole.

1.1 - Reinsurance

The regional mutuals are required to obtain reinsurance exclusively from Groupama SA.

This requirement, which has a regulatory basis, is set forth in the bylaws of the regional mutuals. This reinsurance exclusivity entails financial solidarity over time, resulting in a transfer of a substantial proportion of the non-life insurance business from the regional mutuals to Groupama SA.

The reinsurance relationship is based on the principle of "fate sharing" between the regional mutuals as ceding companies and their reinsurer Groupama SA. The principle aims to ensure that over the long term, there are neither winners nor losers between ceding companies and their reinsurer.

Implementing this principle means a major use of quota share reinsurance and the reinsurer's participation in the direct insurance management decisions which determine the financial return for the whole.

Thus, Groupama SA helps to draft the technical terms and conditions, particularly regarding rates that apply to direct insurance, or else it drafts those conditions itself depending on the nature of the risks reinsured.

In addition, Groupama SA may participate in the management of any claims file and jointly manages any claim with an estimated cost that exceeds certain thresholds.

Also under the reinsurance agreement, a certain number of mechanisms can be used to quickly re-establish any imbalances.

The fate sharing introduced between the regional mutuals and Groupama SA also contributes to certain specific expenses in expanding insurance portfolios (project financing, experimentation, joint ventures, etc.) once those projects become part of the Group's strategy and have the potential to be replicated throughout the regional mutuals, as quota share reinsurance gives Groupama SA the means to contribute to the future results of the portfolios thus expanded.

This reinsurance relationship is designed to continue over the long term, and the term of the reinsurance agreement between Groupama SA and the regional mutuals is equal to that of Groupama SA, which, unless extended, will end in 2086 Any modifications to the agreement must be made in accordance with a consensus-based decision-making process, which grants authority for final approval to the Groupama SA Board of Directors, after receiving the opinion of the Agreements Committee.

This reinsurance relationship has led to a powerful community of interests between the regional mutuals and Groupama SA. On the one hand, the regional mutuals have a vital interest in preserving the economic and financial balance of their exclusive reinsurer. On the other hand, Groupama SA has a major interest not only in the economic and financial balance of the mutuals, but also in their growth, in which it participates in proportion to the non-life insurance business transferred.

The reinsurance agreement is described in more detail at § 2.1.

1.2 - Business relationships between the subsidiaries of Groupama SA and the regional mutuals in the areas of insurance, banking and services

Groupama SA and the regional mutuals enjoy business relationships through various subsidiaries of Groupama SA. Those subsidiaries are engaged in the business either of offering products or services designed for members and customers in the areas of insurance, banking or services, or providing financial resources to the entities of the Group.

These business relationships are governed by a principle of preference for the Group up to and including exclusivity, which is based on the interest of the regional mutuals in meeting their needs for products or services and in achieving a return on the investments made in the subsidiaries through Groupama SA.

The preferential nature of these relationships is laid out in an agreement approved by the 14 December 2005 meeting of the Groupama SA Board of Directors.

Under that agreement, the respective commitments of Groupama SA and the regional mutuals are described below:

- Groupama SA shall ensure that the subsidiaries offer products or services meeting the needs of the market (*i.e.*, products or services designed for members or customers) or to the needs of the entities of the Group (*i.e.*, the financial services designed for the Group entities) and that are competitive compared to the products offered by competing companies in terms of price and quality of service;
- the regional mutuals agree to the following:
  - concerning the subsidiaries offering products or services designed for members and customers:
    - not to distribute, under any circumstances, competing products or services offered by third parties,
    - to distribute the products or services of the life insurance, retail banking and employee savings subsidiaries,
    - to distribute the services of the non-life insurance subsidiaries or those of the insurance-related services subsidiaries if they themselves do not offer those services and decide to outsource them,
    - to engage in the transport insurance business only in an auxiliary manner, under the aegis of Groupama SA, in coordination with Groupama Transport (taken over by Gan Eurocourtage on 31 December 2011);
  - concerning subsidiaries offering financial services designed for the Group entities:
    - to give preference to those subsidiaries at equal price and quality of service.

This agreement will last ten years, from 1 January 2006.

The creation and growth of subsidiaries offering insurance services or related services and banking services to members and customers of the Group is in response to the need for the regional mutuals, whose main business is limited by law to non-life insurance, to have a full range of financial services to offer while sharing amongst themselves through Groupama SA the investment required to create and run a profitable subsidiary.

Such is the case for the life insurance products of Groupama Gan Vie, the retail banking services offered by Groupama Banque, and the services offered by Groupama Épargne Salariale and a certain number of service subsidiaries (Mutuaide, CapsAuto, FMB, etc.).

It is in the interests of Groupama SA to make these investments, for three reasons:

- owing to their intrinsic return going forward;
- owing to the community of interests between it and the regional mutuals because of reinsurance, Groupama SA either benefits or suffers from any progress or setback in the position of the regional mutuals in the non-life insurance market; it is therefore in its direct interest for the regional mutuals to have a competitive offering in other sectors of the market (life insurance, financial services, etc.) so it can be on an equal footing with the other general insurance companies active in the market or with bancassurance companies;
- the investments made in those subsidiaries enable the subsidiaries of Groupama SA distributing the Gan brand to have a services offering as well; such is the case of retail banking, employee savings, insurance-related services, etc.

1.3 - Security systems

(a) The Groupama brand

The Groupama brand is the exclusive property of Groupama SA, which grants the operating license thereof to the regional mutuals and the subsidiaries. Groupama SA is thus the guarantor of the brand's control and the protection of the Group's critical asset.

(b) Agreement for a security and solidarity system

On 17 December 2003, Groupama SA and the regional mutuals signed an agreement, amended by a rider on 27 April 2011, for a security and solidarity system, aimed at guaranteeing the security and the financial equilibrium of all the regional mutuals and Groupama SA and to arrange for solidarity.

This is a three-part agreement:

AUDIT

Once every three years, Groupama SA conducts an audit of all the transactions of the regional mutuals in order to verify the current and future economic and financial balances of each regional mutual, compliance with regulatory requirements and with the reinsurance agreement.

In addition, an audit is performed in the event of a loss recorded by a regional mutual, which, depending on the nature, if repeated over three fiscal years, would place it in a position of insufficient shareholders' equity and corresponding assets necessary for its business.

The level of shareholders' equity and necessary assets is set in accordance with a decision-making process based on consensus, which grants to the Groupama SA Board of Directors the authority for final approval.

This level was set substantially above the regulatory requirements in terms of solvency.

If the regional mutual concerned disagrees with the recovery measures recommended by an audit, a reconciliation procedure is used after which the Groupama SA Board of Directors may decide by a two-thirds majority to ask for the resignation of the Board of Directors of the regional mutual and/or the dismissal of the Chief Executive Officer.

In the event of refusal, the Groupama SA Board of Directors may decide by a two-thirds majority to propose to the Groupama National Federation to exclude the regional mutual from the Groupama National Federation, which would mean excluding the regional mutual from the Group.

SOLIDARITY FUND

The regional mutuals and Groupama SA participate in a solidarity fund in order to assist the regional mutuals if their shareholders' equity and their results no longer guarantee they will be able to face their commitments and obligations over time.

The regional mutuals contribute to this fund in proportion to the insurance contributions retained by them; the fund also receives an annual allocation to reserves until the total allocations by the regional mutual reach 3% of the contributions retained.

Groupama SA does not have such a reserve but has made a commitment to provide assistance from the solidarity fund, calculated according to the same method as the allocations by the mutuals.

Funding support is possible provided two conditions are met:

- the regional mutual has suffered a loss which if repeated three times would place it in a position of insufficient shareholders' equity and corresponding assets necessary for its business, calculated as mentioned above;
- the regional mutual agrees to implement a recovery plan whose contents are approved by Groupama SA.

The funding assistance decision is made by the Groupama SA Board of Directors by a two-thirds majority.

APPOINTING THE MANAGING DIRECTORS OF THE REGIONAL MUTUALS

The Chief Executive Officers of the regional mutuals are appointed by their Board of Directors after advice from a Senior Executive Careers Committee made up of Groupama SA Chief Executive Officers and those of the regional mutuals and Chairmen of regional mutuals.

(c) The Agreements Committee

The Agreements Committee, a Research Committee from the Groupama SA Board of Directors, is chaired by an Independent Director.

Its main role is to prevent any potential conflict of interest between the regional mutuals and Groupama SA and its subsidiaries, which is likely to result from their business relationships.

In particular, this committee is responsible for reviewing any modifications to the reinsurance agreement and the agreements entered into between Groupama SA, its subsidiaries and the regional mutuals, ensuring that said agreements are legally sound and that they are in the corporate interest of Groupama SA (conditions of compensation and distribution of risks following from said agreements).

2 - Agreements between Groupama SA and its subsidiaries and the regional mutuals

2.1 - The reinsurance agreement

The need for reinsurance has been behind the ties forged among the Groupama Mutuals since they were founded more than a century ago. The geographical district covered by the mutuals, which at the time was limited to one or two French departments, led them to seek compensation for the risks taken at the national level in order to expand, following the example of the growth achieved by the large rival insurance companies. Thus as time went on, an internal insurance system grew up amongst the Regional Insurance Mutuals, and a Central Mutual whose reinsurance function is now performed by Groupama SA.

The reinsurance of the regional mutuals with Groupama SA is intended, through internal pooling of risks, to give each mutual, within its district, underwriting capabilities equivalent to those enjoyed by a single company covering the entire territory. It also limits the use of outside reinsurance to the potential needs of such a company.

In order to achieve this objective, the regional mutuals are insured within a common framework set by general regulations and not by individual reinsurance treaties. This agreement, which was designed a long time ago, is based on a certain number of founding principles that have outlasted the adjustments made to it over time.

(a) Permanent principles and adjustments to the reinsurance agreement

The permanent principles are listed below:

- exclusive reinsurance obligation with Groupama SA;
- the reinsurance conditions defined by the general regulations are developed within cooperative bodies composed of Groupama SA and all the mutuals and they are valid for all the regional mutuals;
- fate sharing among the mutuals and their internal reinsurer: all risks without exception are subject to outward reinsurance particularly as quota share outward reinsurance, which enables Groupama SA to participate in the business growth of the mutuals, including in those divisions where reinsurance is not technically indispensable (health insurance, for example); in consideration, Groupama SA automatically provides the mutuals with reinsurance when they embark on new, less well-known ventures (multi-risk crop insurance, long-term care insurance, etc.) by calculating the insurance terms and conditions regardless;
- retrocession to the regional mutuals by Groupama SA of a portion of the general profit/loss from its inward reinsurance business, which reduces the need for reinsurance outside the Group and involves all the mutuals in balancing the outward reinsurance business with Groupama SA.

Any amendment in the structural parameters of the reinsurance agreement and the schedules thereto (rate of quota share, commission rates and loading rate by risk family, thresholds and floors for excess claims beyond their annual monetary and indexation and additional retentions) must be made in the form of a rider in writing, approved by the Groupama SA regional mutuals in accordance with the following procedure:

- proposals for amendments are drafted in a reinsurance working group made up of representatives of Groupama SA and the regional mutuals;
- subject to the approval of the Chief Executive Officer of Groupama SA, they are subject to the agreement of the Chief Executive Officers of the regional mutuals;
- lastly, they are presented by the Groupama SA Chief Executive Officer for approval by Groupama SA's Board of Directors' meeting voting on proposed amendments by simple majority after seeking the opinion of the Agreements Committee.

The adjustments made in the reinsurance agreement in the past two decades were caused by two factors:

- either by changes in the structure of the mutuals (successive combinations, opening up the membership and takeover of the non-agricultural risk portfolio previously managed by the Samda subsidiary) that changed their size and therefore their holding capacity;
- or because of experiencing the results of some risk categories (major weather-related events, imbalance in industrial risks, etc.) requiring greater empowerment of the mutuals in terms of underwriting control and the costs of claims by increasing their holdings in those areas.

As indicated previously, the reinsurance agreement encompasses all the risks underwritten by the regional mutuals. It is designed to take into account both the overall balance amongst them and their specific characteristics in terms of cover needs. To that end, all the risks are subject to classification, which makes it possible to differentiate amongst the reinsurance solutions offered while ensuring inter-company consistency.

(b) Classification of reinsured risks

Most of the risks are classified in three main families, based on the nature of the cover required, which depends on their volatility:

- basic risks: they include professional and individual risks such as motor, general third-party liability, life and health insurance, individual health and fire, not including natural risks or highly specific risks such as construction, long-term care, etc.; those risks are characterised by rather low volatility, which basically requires a cover for claims exceeding a certain threshold;
- atmospheric risks: they include risks of storms, hail and snow on buildings, on the one hand, and traditional crop insurance risks on the other hand (hail, storms, frost), which are sources of high volatility (especially with storms) owing to the total of small and medium-sized claims following the same natural event over a wide geographical area, or after successive events;
- heavy risks: these include risks of third-party liability, fire, breakage of machines, and business operating losses; they are potentially behind major individual, even disaster claims, which point to highly volatile results; and underwriting them requires tremendous technical skills, partly at the central level.

All the risks classified in the same family are included in same level outward reinsurance operations and adapted to their shared underwriting characteristics.

The risks that do not fall within these three groups because they are new or because of their specific features are handled appropriately based, if possible, on the principles applicable to the risk family which they most resemble. These involve mainly natural disasters (legal system with State reinsurance), construction insurance (ten-year risk), long-term care insurance (recent and very long-term risk), terrorist attack risks (market pool), and multi-risk climate insurance (new risk). These risks are classified under the heading “other risks”.

BASIC RISKS

All basic risks are subject to a 30% quota share outward reinsurance (40% for overseas mutuals), which represented a premium income of €1,401 million for Groupama SA in 2012.

Thus the regional mutuals keep a high percentage, which is the best guarantee of the balance of their outward reinsurance to Groupama SA, since these risks account for more than 82% of their premium income. Specific regulations are provided, however, for the unlikely case where a regional mutual would reinsure outward with Groupama SA a total of two consecutive years of a loss under this quota share reinsurance.

This mandatory quota share reinsurance provides Groupama SA with the wherewithal, the margin and the territory enabling it to be a financially sound reinsurer, providing the mutuals with the appropriate risk cover for high-volatility risks classified in other families, which, on the contrary, have a limited premium pool.

Through this quota share, Groupama SA participates directly in the growth of and the return on the core business of the regional mutuals.

Custody by the mutuals is protected by a claims excess with the same threshold for all the regional mutuals in metropolitan France and is indexed annually. This excess is set at a high level to limit the scope of this coverage to a share calculated in such a way that the overall amount covered does not exceed for Groupama SA an average of 3% of the total basic risk claims recorded by all the regional mutuals. The Mutuals retain an interest in the excess portion, which is therefore not completely transferred, which gives them a stake in the total cost of these claims.

ATMOSPHERIC RISKS

All atmospheric risks are subject to outward reinsurance of a 50% share (65% for overseas mutuals), which represents a premium income of €198 million for Groupama SA in 2012.

This custody by regional mutual is very significant and this important factor in the empowerment of the mutuals is supplemented by a system allowing a modulation of the contribution base of the contributions transferred based on the history of the claims reports observed over a long period.

This allows Groupama SA to automatically correct the rate charged (set by the mutuals), which determines this base, when the rate does not correspond to the risk balance over time, factoring in specifically the external reinsurance costs, which are substantial in these areas.

Custody by each mutual is protected by an annual stop loss, separately for the storm unit and for the hail unit; thus the total annual claims in a given area are cut back if they exceed a high threshold (higher than the premium income).

As for the quota share, and for the same reasons, the base for triggering this cover (activation threshold, contribution rate) is the premium income of the mutual adjusted for its claims history.

Nor is the excess portion completely transferred, and the Mutuals retain an interest in the annual claims total with no limitation as to amount.

The portion of the claims paid by the annual stop loss represents an average over a long period of 50% of the claims under custody after reinsurance of the mandatory portion for the storm unit and 10% for hail coverage. These averages cover some substantial differences depending on the number of claims for the fiscal years (an expense most often zero in storm coverage, not including major events).

From its inward reinsurance operations, Groupama SA of course benefited from the coverage underwritten in external reinsurance, the cost of which it includes in the contributions requested from the regional mutuals (this is also valid in the other risk families).

HEAVY RISKS

All heavy risks are subject to outward reinsurance of a 50% share (65% for overseas mutuals), which represented premium income of €78 million for Groupama SA in 2012.

Custody by the mutuals is thus very significant; and it was recently bolstered, which greatly helped in cleaning up the portfolio.

It is protected by a stop loss above a certain threshold, beyond which, as in the other two risk families, the mutuals retain a portion of the total cost of the claim.

The claim expense paid by this coverage represents an average of 15% of the total cost of the claims under custody with the mutuals after reinsurance of the mandatory portion.

In this area with a low premium base, modulation mechanisms comparable to those applied to atmospheric risks would not be significant; on the contrary, the reinsurance agreement enables Groupama SA, which has a central team of specialised underwriters, to participate directly in setting the insurance terms and rates in underwriting heavy risks and in settling claims.

MAIN OTHER RISKS ("MISCELLANEOUS RISKS")

In natural disasters, the mutuals transfer a 70% quota share (the minimum outward reinsurance to the CCR being 50%), and the claims under their custody are protected by an annual stop loss.

Construction reinsurance is comparable to basic risks insurance with a quota share outward reinsurance of 30% and a stop loss on custody; however, because of its ten-year balancing and accounting principles, it cannot be classified in that family.

Long-term care is reinsured solely in quota share at the rate of 50%.

Risks of attack attempts are transferred at 100% because they are then completely retroceded to the Gareat market pool.

With regard to a new and as yet experimental business, multi-risk climate insurance is transferred by each regional mutual at the rate of 100% to Groupama SA, but the insurance terms and rates are set by Groupama SA and 50% of the national profit/loss is then retroceded to the mutuals.

In all, these outward reinsurance operations accounted for premium income of €324 million for Groupama SA in 2012.

(c) Retrocession

Outward reinsurance by the mutuals with a central reinsurer does not deplete the capacities for pooling and retention within the Group. Given their level of equity, the mutuals have the capacity to bear a portion of the risk offset nationally, and protected by outside reinsurance. They become in turn the reinsurer of Groupama SA.

This allows the total results of the highest risks of reinsurance risks accepted to be shared between Groupama SA and the mutuals, and lowers the thresholds for assigning risks to third party reinsurers.

It is for that purpose that Groupama SA conveys back to the mutuals part of the profit/loss from its total inward reinsurance, net of the effect of outside coverage, in the only reinsurance risks or forms showing volatility justifying this use of additional mutual insurance.

Groupama SA's quota share inward reinsurance for basic risks is not, therefore, affected by the retrocession.

However, a significant percentage (15% to 50% depending on the risks), of the other main reinsurance inward reinsurance is retroceded, including the following:

- basic risk stop loss;
- quota share and annual stop loss for atmospheric risks and natural disasters;
- quota share and stop loss for heavy risks;
- share of multi-risk climate for crops.

Transactions retroceded are spread out amongst the regional mutuals in proportion to the gross contributions retained by each of them after the quota share transfer to Groupama SA, including basic, atmospheric and heavy risks.

Aside from its effect on internal mutual insurance, retrocession raises the awareness of and directly involves the mutuals community in the balances of their different outward reinsurance operations with Groupama SA, and as such constitutes an additional regulatory factor.

(d) Amounts involved in fiscal year 2012

It should be noted that non-life premiums earned, policy servicing expenses, acquisition costs and administrative expenses include inward reinsurance, with respect to Groupama SA, from the regional mutuals under the Internal Reinsurance treaty.

The amounts accepted for these different transactions break down as follows:

(in millions of euros)	31.12.2012	31.12.2011
Earned premiums non-life	2,001	1,930
Insurance policy servicing expenses	(1,506)	(1,334)
Acquisition costs	(173)	(166)
Administrative costs	(173)	(166)

As at 31 December 2012, the overall retrocession result was €84 million.

(in millions of euros)	31.12.2012	31.12.2011
Expenses on outward reinsurance	(91)	(83)
Income on outward reinsurance	175	118

In summary

This entire presentation can be summed up as follows:

- the reinsurance agreement is a coherent and balanced whole that must be assessed in terms of its intended purpose and overall effects and not by isolating any one of its components from this context; in any event, this attempt at placing the agreement in perspective is not opposed to a segmented, technical approach to risks and to the reinsurance terms associated with them (see above);
- the internal insurance terms currently applicable are the result of adjustments made over time to make this system fully effective in terms of its economic purpose of offsetting and controlling risks;
- the ongoing pursuit of this purpose has resulted in involving Groupama SA in the insurance business of the Groupama regional mutuals in a balanced and controlled way.

The premium income from reinsurance earned by Groupama SA with the regional mutuals amounted to a total of €2,001 million in 2012.

2.2 - Groupama Gan Vie

The relations between Groupama Gan Vie and the regional mutuals are governed by identical bilateral agreements. One agreement covers individual life, and another group insurance.

(a) Individual life agreement

The purpose of this agreement is the distribution and management by the regional mutuals of the individual life insurance products (which include the products underwritten by participation in a voluntary group policy) from Groupama Gan Vie.

With regard to distribution, Groupama Gan Vie sets the marketing, subscription and pricing rules for the products as well as the contract documents and the communications media. The regional mutuals are responsible for sales relationships with customers.

At the management level, the regional mutuals are charged with covering all administrative functions, including medical management, within certain limits including amounts, and in accordance with the conditions defined by Groupama Gan Vie.

The regional mutuals are required to comply with a number of ethical rules, particularly governing the treatment of health cases and the prevention of money laundering.

Groupama Gan Vie is authorised to conduct on-site audits of documents and conditions under which the marketing and management functions are exercised.

The distribution and management of the regional mutuals are compensated on the basis of three factors: for all products, a mark-up on premiums and, for certain products, a fee on the outstanding amount (savings and pension products), and a fee based on the regional policy income (protection products) designed to involve the regional mutual in the quality of its management.

Groupama Gan Vie posted premium income under this agreement of €1,228.6 million in 2012. The fees earned by the regional mutuals amounted to €99.5 million.

(b) Group insurance agreement

The purpose of this agreement is the distribution and management by the regional mutuals of group insurance policies from Groupama Gan Vie.

Groupama SA, which provides technical support to Groupama Gan Vie, is also a party to this agreement.

At the distribution level, Groupama SA, through a delegation from Groupama Gan Vie, sets the rules for marketing, subscription, and pricing for the products as well as the contract documents and communications media. The regional mutuals are responsible for the commercial relationship with customers.

With regard to administration, the regional mutuals are charged with performing all administrative functions for life insurance policies, including medical management, with the exception of certain activities which, because of the type or amount, are performed directly by Groupama SA.

The administration of pension policies and life insurance benefits on these policies is outsourced to Groupama SA.

Groupama SA is authorised by Groupama Gan Vie to conduct on-site audits of documents and conditions under which the marketing and management functions are performed by the regional mutuals.

The regional mutuals' distribution and management are compensated on the basis of several factors: mark-up on premiums, mark-up on outstanding amounts for certain products, fees based on regional net profit on all death risks, which is designed to involve the regional mutual in the quality of its management. As an incentive for the development of group insurance, the regional mutuals receive a share of the profits from policies managed nationally based on type.

Groupama Gan Vie posted premium income under this agreement of €52.8 million in 2012. The fees earned by the regional mutuals amounted to €8.2 million.

2.3 - Groupama Banque

The relationships between Groupama Banque and the regional mutuals have been governed since the bank was founded in late 2002/early 2003 by identical bilateral agreements that breakdown into two components:

(a) A general marketing and management agreement

The general agreement lays down the respective roles of the bank and the regional mutual, which Groupama Banque licenses to market its offer under a temporary banking license defining a limited number of banking operations that the mutual is permitted to perform. The operations concerned are preparation or support for banking transactions, given that Groupama Banque is the sole party authorised to carry out banking operations in the strict sense.

The regional mutuals underwrite a certain number of commitments aimed at achieving the banking business growth plan in a controlled manner: mobilising the necessary workforce and seeing to it that they are trained, applying the quality charter, deploying an internal control system as well as a system to fight money laundering, etc.

This agreement, which has an initial life of five years, may be renewed annually.

(b) An annual marketing and management agreement

This agreement supplements the general agreement on the points needing periodic updating: annual production targets of the regional mutual, compensation, quality objectives, etc.

The regional mutuals are compensated from the net banking income generated by the products held by customers less the payment processing costs and a percentage of the distribution costs related to the bank's remote sales centre.

The net banking income earned by Groupama Banque under its agreements amounted to €64.0 million in 2012. The fees earned by the regional mutuals amounted to €8.6 million.

2.4 - Groupama Supports & Services (G2S)

The purpose of the GIE Groupama Supports & Services is to facilitate the economic activities of its members, improve or increase the results of these activities by sharing and optimising IT, logistics and purchasing activities.

To this effect, the purpose of the Group is to:

- undertake any preliminary studies and perform, at the request of its members, all the IT work necessary for the exercise of their business;
- ensure the operation and maintenance of IT systems on behalf of its members;
- lease and manage the buildings occupied by at least one member;
- provide its members with all general services;
- assist its members with their purchasing strategy and relationships with group suppliers.

Most services provided by the inter-company venture are exempt from VAT, except for services corresponding to the supply of goods.

The members of the inter-company venture, which are not charged VAT, are mainly the regional mutuals, Groupama SA, its French insurance subsidiaries, Groupama Banque and other GIEs of the Group. Non-member clients, which are charged VAT, are mainly group financial management companies and international subsidiaries and, where appropriate, entities outside the Group affiliated through partnership agreements with Groupama.

IT services provided by GSI to group entities are invoiced based on the following principles:

- G2S, as a non-profit inter-company venture, charges all of its costs, whether this be its own operating costs, costs that are charged by other group entities or costs of technical resources acquired for account of third parties;
- all costs are spread over a defined list of services (operating services, project services) that cover all areas of operation of the inter-company venture. Invoiced amounts are determined based on the following conditions:
  - charged directly when possible;
  - otherwise, according to allocation keys that can be modified each fiscal year if necessary, the principle of which is determined for each cost category by GIE based on significant criteria.

Special governance was put into place to ensure the relevance and stability of invoicing keys. These are reviewed regularly by two different advisory bodies, depending on the nature of the services.

Operating services are reviewed by the "Keys Committee" which brings together IT Managers from member companies of the inter-company venture and the various services of the inter-company venture in charge of developing and implementing invoicing keys.

For projects, invoicing keys are reviewed by "Business Domain Committees".

Any proposed amendment issued by one of these committees is subject to approval by the Board of Directors of the inter-company venture. Furthermore, a review of the invoicing keys is carried out with the management controllers of the inter-company venture for validation of the distribution of the final invoice, and with the Tax Department to ensure compliance with the VAT regulations.

The auditors also ensure the correct analytical allocation of the expenses of the inter-company venture for their billing.

Based on the provision above, €372.1 million excluding taxes were billed as at 31 December 2012, €89.5 million of which to the regional mutuals.

2.5 - Other agreements

The amount of premium income generated by the other agreements entered into between the subsidiaries of Groupama SA and the regional mutuals in the areas of assistance, legal protection, employee savings and asset management proved immaterial for Groupama SA.

3 - Financing of large programmes

Groupama SA participates in the financing of major community programmes by paying subsidies to the regional mutuals designed as incentives for them to implement an overall policy in the general interest.

This system results from the Group's decentralised structure and from the role played in it by Groupama SA, which manages the Group and reinsures the regional mutuals.

3.1 - Operational structure of a decentralised organisation

In a so-called decentralised organisation, the central body proceeds from the regional level; its role is to embody the collective will and steer the policies resulting therefrom, but from a legal standpoint, it does not have the power to impose those policies on a regional level. Financing is one lever that can facilitate the implementation of the Group policies.

Moreover, the programmes stemming from these policies are most often the ones to generate high costs in the beginning with regard to the financial coverage of the regional mutual, with no immediate counterparty and to involve a business risk making return on investment random. At the level of a regional mutual, implementing such programmes using its own resources seems contrary to its interests, at least in the short term.

6

Pooling the financing by Groupama SA makes it possible to remove this obstacle and to re-establish within the combination consisting of the regional mutuals the national dimension that would exist if this combination were not legally divided into regional mutuals.

3.2 - Interest of the central reinsurer in expanding the business lines of the regional mutuals

As indicated above (see section 1.1), the reinsurance relationship between Groupama SA and the regional mutuals creates a powerful community of interests amongst them. Groupama SA itself has a major interest not only in the economic and financial balance of the mutuals but also in their growth, in which it participates in proportion to the non-life insurance business transferred. Hence it is directly in the interests of Groupama SA to participate in some expenses incurred in expanding the regional mutuals.

3.3 - A rational, efficient system

To qualify for financing by Groupama SA, a programme must meet several conditions:

- it must be part of the strategy defined by the Group;
- it must represent for most of the regional mutuals a financial expense that acts as a disincentive that would prevent them from financing the programme alone;
- it must have the potential to be replicated in all the regional mutuals.

The financing ceases once it ceases to be necessary.

This system has demonstrated its effectiveness in the past few years. Two major programmes have already achieved significant results:

- CCAMA, then Groupama SA, have financed since 1999 a new supplemental individual health insurance product launched on an experimental basis in three regional mutuals, then expanded gradually to the other regional mutuals. This product entitled "Groupama Active Health" now gives the regional mutuals an innovative product that can help them stand out from the competition. Groupama is now the leading Company in the French supplementary health insurance market. It should be noted that when this business line broke even financially in 2007, Groupama SA's financial monitoring came to an end;
- designed and implemented with financing from CCAMA in the early nineties, the SIGMA non-life management system was gradually deployed in the regional mutuals with the financial support of CCAMA, then of Groupama SA. Today this system is deployed in nearly all the regional mutuals, which keeps maintenance costs down and makes it easier to consider having common insurance products at the national level.

As part of the convergence research initiated several years ago, the community computer expenses programme involves 100% financing for exceptional projects and accounts closing, and 50% payment of the cost of the regional mutuals' merging-migrating and the cost of streamlining and developing community management tools (IAS-IFRS, archives, etc.). In 2012, Groupama SA contributed €4.7 million, net of corporate income tax.

Another programme has been under way since 2004: support for the deployment of the retail banking business in the regional mutuals. This business requires a major effort on the part of the regional mutuals, especially in terms of sales force training and management. The subsidies related to achieving sales objectives are designed to end when the retail banking business reaches its financial breakeven point. For the fiscal year 2012, the amount of financial support devoted to deploying the banking business came to a total of €2 million, net of corporation tax.

Since 2008, Groupama SA has taken part in the development of the regional mutual Groupama Paris Val de Loire, by funding a portion of the special costs for creating 20 sales agencies in Paris. A total subsidy of €30 million net of corporate income tax was approved by the Board of Directors. This payment was spread over five years as the agencies were opened. In consideration of this subsidy, Groupama Paris Val de Loire agreed to have the commission it received on the share of basic outward reinsurance risks from Groupama SA over the next 20 years reduced to a ratio of 3.5% of the issued premiums the project will generate for the regional mutual. As at 31 December 2012, the subsidy paid to Groupama Paris Val de Loire totalled €21 million.

Lastly, Groupama SA has participated since 2007 in funding the effort to support and promote more widely the Groupama brand name spearheaded by the regional mutuals through sponsoring of high-profile athletic teams in football, rugby and basketball. During the 2011-2012 season, this funding amounted to €0.2 million.

Funding of major national programmes is subject to review by the Agreements Committee before being authorised by the Groupama SA Board of Directors.

NOTE 45 EMPLOYEES OF CONSOLIDATED COMPANIES

This note is included in the registration document under § 1.4.

NOTE 46 COMMITMENTS RECEIVED AND GIVEN

Note 46.1 - Commitments received and given - banking activity

(in millions of euros)	31.12.2012	31.12.2011
Financing commitments received		
Guarantee commitments received	461	314
Commitments on securities to be received		
Total commitments received for banking activity	**461**	**314**
Commitments received on operations in foreign currencies	25	6
Other commitments received	6	5
Total other commitments received for banking activity	**31**	**11**
Financing commitments given	226	243
Guarantee commitments given	61	93
Commitments on securities to be given		
Total commitments given for banking activity	**288**	**337**
Commitments given on operations in foreign currencies	25	6
Commitments given on operations on financial instruments		(2)
Total other commitments given for banking activity	**25**	**5**
Other commitments given	370	544
Total other commitments given	**370**	**544**

Off-balance sheet commitments received on banking business amounted to €461 million. For spot foreign exchange transactions, the position at 31 December 2012 was as follows:

- foreign currencies purchased for euros not yet received €25 million;
- foreign currencies sold for euros not yet delivered €25 million.

Commitments given totalled €288 million and specifically concerned customer commitments. Commitments were given for €370 million, representing securities pledged in the context of the refinancing of the Group's bank through the ECB. This amount was €544 million as at 31 December 2011.

Note 46.2 - Commitments given and received - insurance and reinsurance activities

(in millions of euros)	31.12.2012	31.12.2011
Endorsements, bonds, and guarantees received	479	519
Other commitments received	426	427
Total commitments received excluding reinsurance	**905**	**946**
Commitments received for reinsurance	**465**	**400**
Endorsements, bonds, and guarantees given	405	119
Other commitments on securities, assets, or revenues	397	454
Other commitments given	14	23
Total commitments given excluding reinsurance	**816**	**596**
Reinsurance commitments given (1)	**3,894**	**2,016**
Securities belonging to provident institutions		
Other securities held on behalf of third parties		

(1) *This item increased by €2,000 million for the Groupama Gan Vie entity on reinsurance commitments given related to the pledging of Prefon, not taken into account in the presentation of 31 December 2011. This change has no impact on the financial statements.*

Endorsements, securities and guarantees received amounted to €479 million and primarily comprise commitments received following the acquisition of Asiban (€88 million) and the OTP Bank's insurance subsidiaries (€280 million).

Other commitments received excluding reinsurance are mainly made up of the following items:

- commitments in conjunction with company acquisitions and sales of €50 million: liability guarantees received totalling €50 million on the acquisition of Nuova Tirrena;
- the credit facility subscribed for one billion through a consortium of banks, from which Groupama SA drew €650 million.

Endorsements, bonds, and guarantees given amount to €405 million and are mainly made up of:

- a guarantees valued at €58 million given in conjunction with Gan UK's sale of Minster Insurance Company Limited (MICL). This company was sold during fiscal year 2006;
- guarantee given as part of the sale of Groupama Insurance for €142 million;
- guarantee given as part of the sale of Groupama Seguros for €81 million;
- guarantee given as part of the sale of Gan Eurocourtage for €56 million;

Other commitments on securities, assets or income

Other commitments on securities, assets or income consist of subscriptions to venture capital funds ("FCPR"). The balance of €397 million corresponds to the difference between the investment commitment of the subscribers and the total of calls for funds actually received.

Other commitments given

Other commitments given amount to €14 million and are mainly made up of commitments on lease rents of the subsidiary Groupama Gan Vie.

Unvalued commitments

TRIGGER CLAUSES:

As part of issues of subordinated securities (redeemable subordinated securities and indefinite-term subordinated securities), 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%.

Similarly, as part of the €500 million issue of indefinite-term subordinated securities in July 2005, Groupama SA has the option to defer the payment of interest for the issue of indefinite-term subordinated securities in the event that the coverage of the Group's solvency margin is less than 150%. The Group has not used this option and paid the coupon on 6 July 2012.

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

NOTE 47 RISK FACTORS AND SENSITIVITY ANALYSES

This note is included in the reference document under paragraph 4.2.

NOTE 48 LIST OF ENTITIES IN THE SCOPE OF CONSOLIDATION AND MAJOR CHANGES TO THE SCOPE OF CONSOLIDATION

The main changes in the consolidation scope are as follows:

Entry into scope

The real estate company Holdco entered the consolidation scope on 1 January 2012. The company is consolidated according to the equity method. Holdco is a consolidation level that includes a 43.95% stake in Silic and a 55.58% stake in Icade.

Eliminations from the scope of consolidation

Gan Eurocourtage was removed from the scope of consolidation following its takeover by Groupama SA.

The real estate companies Silic, Sepac, and Socomie exited the consolidation scope.

Groupama Seguros Espagne and Click Seguros, which were the subject of a sale agreement on 19 June, were removed from the scope of consolidation.

Groupama Insurances, sold on 15 November 2012, was removed from the scope of consolidation.

The broker Lark was removed from the scope of consolidation following the sale agreement signed on 19 July 2012.

OTP Garancia Asigurari was sold during the first half of 2012.

SAS 14 Madeleine, SAS 9 Victoire, and SAS Claude Bernard were absorbed by Groupama Gan Vie on 19 April 2012 through a transfer of all of assets and liabilities.

The real estate mutual funds OFI GB1 and OFI GR1 were transferred outside of the Group on 2 October 2012.

SCI 204 Péreire, SCI 5/7 Moncey, SCI Messine 6, SCI 28 cours Albert 1er, and SCI 33 Montaigne were removed from the scope of consolidation following the contribution of their properties to the real estate mutual fund GR1 and the reduction of their capital.

Haussmann Laffitte Immobilier (SNC HLI) was removed from the scope of consolidation.

Transfer of activity

The activity of the two Slovakian entities (Groupama Poistovna Slovaquie and Groupama Zivotna Slovaquie) was transferred to the Hungarian subsidiary (Groupama Garancia Biztosito) starting on 1 January 2012.

			31.12.2012			31.12.2011		
	Business sector	Country	% control	% interest	Method	% control	% interest	Method
GROUPAMA SA	Holding	France	100.00	100.00	Sté Mère	100.00	100.00	Sté Mère
GIE GROUPAMA Supports et Services	EIG	France	99.99	99.99	FC	99.98	99.98	FC
GROUPAMA GAN VIE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN PATRIMOINE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CAISSE FRATERNELLE D'ÉPARGNE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.78	99.78	FC	99.78	99.78	FC
ASSUVIE	Insurance	France	50.00	50.00	FC	50.00	50.00	FC
GAN PREVOYANCE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSURANCE CREDIT	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	100.00	FC	100.00	100.00	FC
GAN ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN OUTRE MER	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PROTECTION JURIDIQUE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN EUROCOURTAGE	Insurance	France				100.00	100.00	FC
AMALINE ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
LA BANQUE POSTALE IARD	Insurance	France	35.00	35.00	EM	35.00	35.00	EM
CEGID	Insurance	France	26.89	26.89	EM	26.89	26.89	EM
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GÜNES SIGORTA	Insurance	Turkey	36.00	36.00	EM	36.00	36.00	EM
GROUPAMA SIGORTA	Insurance	Turkey	98.81	98.81	FC	98.81	98.81	FC

	Business sector	Country	31.12.2012 % control	% interest	Method	31.12.2011 % control	% interest	Method
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	90.89	90.37	FC	90.89	90.37	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA POISTOVNA SLOVAQUIE	Insurance	Slovakia	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ZIVOTNA SLOVAQUIE	Insurance	Slovakia	100.00	100.00	FC	100.00	100.00	FC
STAR	Insurance	Tunisia	35.00	35.00	EM	35.00	35.00	EM
GROUPAMA ZASTRAHOVANE NON LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA GARANCIA BIZTOSITO	Insurance	Hungary	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PHOENIX Hellenic Asphalistike	Insurance	Greece	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA AVIC PROPERTY INSURANCES CO	Insurance	China	50.00	50.00	EM	50.00	50.00	EM
GROUPAMA SEGUROS Spain	Insurance	Spain				100.00	100.00	FC
CLICK SEGUROS	Insurance	Spain				100.00	100.00	FC
GUK BROKING SERVICES	Holding	UK	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA INSURANCES CY LTD	Insurance	UK				100.00	100.00	FC
CAROLE NASH	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
BOLLINGTON LIMITED	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
LARK	Brokerage	UK				100.00	100.00	FC
GREYSTONE	Brokerage	UK				100.00	100.00	FC
HALVOR	Brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
COMPUCAR LIMITED	Ins. brokerage	UK	100.00	100.00	FC	100.00	100.00	FC
GRIFFITHS GOODS	Ins. brokerage	UK				100.00	100.00	FC
GROSVENOR COURT SERVICES	Ins. brokerage	UK				100.00	100.00	FC
GROUPAMA ASSICURAZIONI (formerly Nuova Tirrena)	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SEGUROS PORTUGAL	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
OTP GARANCIA ASIGURARI	Insurance	Romania				100.00	100.00	FC
GROUPAMA ASSET MANAGEMENT	Port. Mgmt.	France	100.00	99.45	FC	99.98	99.35	FC
GROUPAMA PRIVATE EQUITY	Port. Mgmt.	France	100.00	99.46	FC	100.00	99.37	FC
GROUPAMA BANQUE (formerly Banque Finama)	Bank	France	99.45	99.45	FC	99.37	99.37	FC
GROUPAMA ÉPARGNE SALARIALE	Port. Mgmt.	France	100.00	99.45	FC	100.00	99.37	FC
GROUPAMA IMMOBILIER	Bank	France	100.00	99.45	FC	100.00	99.37	FC
SILIC	Real estate	France				35.78	35.78	EM
SEPAC	Real estate	France				35.78	35.78	EM
HOLDCO	Real estate	France	24.93	24.93	EM			
COMPAGNIE FONCIERE PARISIENNE	Real estate	France	95.32	95.32	FC	95.32	95.32	FC
SCI DEFENSE ASTORG	Real estate	France	100.00	95.32	FC	100.00	95.32	FC
GAN FONCIER II	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
IXELLOR	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
79 CHAMPS ELYSÉES	Real estate	France	91.21	91.21	FC	91.21	91.21	FC
CNF	Real estate	France	100.00	100.00	FC	100.00	100.00	FC

	Business sector	Country	31.12.2012 % control	% interest	Method	31.12.2011 % control	% interest	Method
RENNES VAUGIRARD	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
SOCIETE FORESTIERE GROUPAMA (formerly SCIFMA)	Real estate	France	87.67	87.67	FC	87.67	87.67	FC
14 MADELEINE (SASU)	Real estate	France				100.00	100.00	FC
9 VICTOIRE (SAS)	Real estate	France				100.00	100.00	FC
60 CLAUDE BERNARD (SASU)	Real estate	France				100.00	100.00	FC
OPCI OFI GB1	UCITS	France				100.00	100.00	FC
OPCI OFI GB2	UCITS	France	100.00	95.32	FC	100.00	95.32	FC
OPCI OFI GR1	UCITS	France				100.00	100.00	FC
SCI GAN FONCIER	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
VICTOR HUGO VILLIERS	Real estate	France	100.00	98.71	FC	100.00	98.71	FC
1 BIS FOCH	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
SCI TOUR GAN	Real estate	France	100.00	98.88	FC	100.00	98.88	FC
16 MESSINE	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
40 RENE BOULANGER	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
9 MALESHERBES	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
97 VICTOR HUGO	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
44 THEATRE	Real estate	France	100.00	98.92	FC	100.00	98.92	FC
261 RASPAIL	Real estate	France	100.00	95.32	FC	100.00	95.32	FC
SOCOMIE	Real estate	France				35.78	35.78	EM
5/7 PERCIER (SASU)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
GAN INVESTISSEMENT FONCIER	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
33 MONTAIGNE	Real estate	France				100.00	100.00	FC
SCA CHATEAU D'AGASSAC	Real estate	France	25.00	25.00	EM	25.00	25.00	EM
43 CAUMARTIN (SCI)	Real estate	France				100.00	100.00	FC
LES FRERES LUMIERE	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CAP DE FOUSTE (SCI)	Real estate	France	61.31	61.31	EM	61.31	61.31	EM
150 RENNES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
10 PORT ROYAL (SCI)	Real estate	France				100.00	100.00	FC
DOMAINE DE NALYS	Real estate	France	69.57	69.57	EM	69.57	69.57	EM
99 MALESHERBES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
3 ROSSINI (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
CHAMALIERES EUROPE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
102 MALESHERBES (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
PARIS FALGUIERE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
DOMAINE DE FARES	Real estate	France	31.25	31.25	EM	31.25	31.25	EM
12 VICTOIRE (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
HAUSSMANN LAFFITTE IMMOBILIER (SNC)	Real estate	France				100.00	100.00	FC
204 PEREIRE (SCI)	Real estate	France				100.00	100.00	FC
LABORIE MARCENAT	Real estate	France	64.52	64.52	EM	64.52	64.52	EM
SCIMA GFA	Real estate	France	44.00	44.00	EM	44.00	44.00	EM
6 MESSINE (SCI)	Real estate	France				100.00	100.00	FC
38 LE PELETIER (SCI)	Real estate	France	100.00	100.00	FC	100.00	100.00	FC
5/7 MONCEY (SCI)	Real estate	France				100.00	100.00	FC
19 GENERAL MANGIN (SCI)	Real estate	France				100.00	100.00	FC
28 COURS ALBERT 1er (SCI)	Real estate	France				100.00	100.00	FC
GROUPAMA PIPACT	Real estate	France	31.91	31.91	EM	31.91	31.91	EM

	Business sector	Country	31.12.2012 % control	% interest	Method	31.12.2011 % control	% interest	Method
FRANCE-GAN I D	UCITS	France	42.91	42.91	EM	45.29	45.29	EM
GROUPAMA ALTERNATIF MULTI NEWCITS C	UCITS	France				79.21	79.21	FC
GROUPAMA ALTERNATIF DYNAMIQUE C	UCITS	France				82.20	82.20	FC
GROUPAMA TRESORERIE I C	UCITS	France				37.51	37.51	EM
GROUPAMA CREDIT EURO LT I C	UCITS	France	62.19	62.19	FC	68.64	68.64	FC
ASTORG CTT C	UCITS	France	100.00	100.00	FC	98.11	98.11	FC
GROUPAMA AAEXA D	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG EURO SPREAD D	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 10 FCP	UCITS	France	99.83	99.83	FC	99.83	99.83	FC
WASHINGTON EURO NOURRI 9 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 8 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 7 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 6 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 5 FCP	UCITS	France	83.33	83.33	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 4 FCP	UCITS	France	99.62	99.62	FC	99.62	99.62	FC
WASHINGTON EURO NOURRI 3 FCP	UCITS	France	99.62	99.62	FC	99.62	99.62	FC
WASHINGTON EURO NOURRI 2 FCP	UCITS	France	83.33	83.33	FC	83.33	83.33	FC
WASHINGTON EURO NOURRI 1 FCP	UCITS	France	99.89	99.89	FC	99.89	99.89	FC
WASHINGTON INTER NOURRI 1 FCP	UCITS	France				100.00	100.00	FC
WASHING.ACT.EUROPEXEURO D	UCITS	France				100.00	100.00	FC
WASHINGTON INTER NOURRI 2 FCP	UCITS	France				100.00	100.00	FC
WASHINGTON INTER NOURRI 0 FCP	UCITS	France				100.00	100.00	FC
GROUPAMA INDEX INFLATION EURO I D	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 13 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 14 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 15 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA CONVERTIBLES I D	UCITS	France	84.41	84.41	FC	85.27	85.27	FC
GROUPAMA ENTREPRISES IC C	UCITS	France	22.27	22.27	EM			
GROUPAMA CREDIT EURO I C	UCITS	France	60.15	60.15	FC	56.54	56.54	FC
GROUPAMA CREDIT EURO I D	UCITS	France	57.25	57.25	FC	57.25	57.25	FC
WASHINGTON EURO NOURRI 11 FCP	UCITS	France	80.00	80.00	FC	80.00	80.00	FC
WASHINGTON EURO NOURRI 12 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON INTER NOURRI 3 FCP	UCITS	France				100.00	100.00	FC
WASHINGTON EURO NOURRI 16 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 17 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 18 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA OBLIGATION MONDE I C	UCITS	France	67.32	67.32	FC	67.70	67.70	FC
WASHINGTON EURO NOURRI 19 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 20 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 21 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 22 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 23 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 24 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 25 FCP	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 26 FCP	UCITS	France	88.89	88.89	FC	88.89	88.89	FC
ASTORG TAUX VARIABLE D	UCITS	France	100.00	100.00	FC	100.00	100.00	FC

	Business sector	Country	31.12.2012 % control	31.12.2012 % interest	31.12.2012 Method	31.12.2011 % control	31.12.2011 % interest	31.12.2011 Method
GROUPAMA EONIA I C	UCITS	France	60.83	60.83	FC	21.91	21.91	EM
GROUPAMA FP DETTE EMERGENTE	UCITS	France	88.46	88.46	FC	89.35	89.35	FC
ASTORG PENSION C	UCITS	France	100.00	100.00	FC	98.24	98.24	FC
ASTORG CASH MA C	UCITS	France	98.97	98.97	FC			
ASTORG CASH MT C	UCITS	France	99.68	99.68	FC	94.87	94.87	FC
ASTORG CASH G C	UCITS	France	98.28	98.28	FC	97.93	97.93	FC
GROUPAMA CREDIT EURO G D	UCITS	France	44.37	44.37	EM	44.37	44.37	EM
GROUPAMA CREDIT EURO LT G D	UCITS	France	99.53	99.53	FC	99.53	99.53	FC
GROUPAMA MONETAIRE ETAT G C	UCITS	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 1 D	UCITS	France	96.05	96.05	FC	85.42	85.42	FC
ASTORG THESSALONIQUE 2 D	UCITS	France	99.98	99.98	FC	99.38	99.38	FC
ASTORG THESSALONIQUE 3 D	UCITS	France	99.96	99.96	FC	99.86	99.86	FC
ASTORG THESSALONIQUE 4 D	UCITS	France	99.98	99.98	FC	99.60	99.60	FC
ASTORG THESSALONIQUE 5 D	UCITS	France	99.98	99.98	FC	99.98	99.98	FC
ASTORG DIVERSIFIE 6 C	UCITS	France				99.99	99.99	FC

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 “real estate investments” and reclassifying in the income statement the dividends or share in the results of the companies on the “Income from real estate” line item.

6.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on rthe consolidated financial statements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Fiscal year ended 31 December 2012)

PricewaterhouseCoopers Audit 63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	Mazars Tour Exaltis 61, rue Henri Régnault 92400 Courbevoie

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2012, on:

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

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

I – OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II – JUSTIFICATION OF OUR ASSESSMENTS

The persistence of a difficult economic and financial environment continued to make the choice of underlying economic assumptions in the preparation of the accounts of the insurance companies particularly difficult. In particular, future changes in interest rates could significantly differ from the assumed changes and produce different direct and indirect effects. It is in this context that, in accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- certain technical items specific to insurance and reinsurance recorded under assets and liabilities in the Company's consolidated financial statements are estimated on statistical and actuarial bases, in particular technical reserves, deferred acquisition costs and the related amortisation methods, and deferred profit-sharing assets. The methods used to determine these items are described in the notes to the consolidated financial statements in section 3.12 as well as in Notes 13, 14, 25 and 26. We assessed the reasonableness of the assumptions used in the calculation models, based on the Group's experience, its regulatory and economic environment and the consistency of these assumptions taken as a whole;
- goodwill is subject to recoverability tests carried out at each inventory date in accordance with the methods described in section 3.1.1 of the accounting principles and methods of the notes to the consolidated financial statements and in Note 2 to the financial statements. We examined the conditions for performing these impairment tests, as well as the cash flow projections, assumptions used and sensitivity tests, and we ensured that the notes to the consolidated financial statements contained appropriate disclosures;

- financial assets and derivative instruments are recognised and valued in accordance with the methods described in sections 3.2.1 and 3.3 of the accounting principles and methods of the Notes to the consolidated financial statements and Notes 6 and 8. We reviewed the consistency of the classification applied with the documentation prepared by the Group. We assessed the appropriateness of the methods used for depreciating equity instruments classified as available-for-sale assets, and verified their proper application. We examined the analyses performed by the Company of any risks attached to sovereign debt and the assumptions applied in their valuation, and we ensured that the notes contained appropriate disclosures.

These assessments were made as part of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – SPECIFIC VERIFICATION

As required by law and in accordance with the professional standards applicable in France, we have also verified the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 27 February 2013

The statutory auditors

PricewaterhouseCoopers Audit		Mazars	
Éric Dupont	Christine Billy	Jean-Claude Pauly	Maxime Simoen

6.3 ANNUAL FINANCIAL STATEMENTS AND NOTES

Pro forma 2011

The 2011 *pro forma* financial statements indicated in the rest of the document correspond to the aggregation of Groupama SA financial statements as at 31 December 2011 as well as the non-disposed France marine and brokerage portfolios of Gan Eurocourtage. These *pro forma* financial statements were not audited, and the data in the columns labelled *pro forma* 2011 in the tables in these financial statements were not audited.

Balance sheet

The *pro forma* balance sheet was established as follows:

- aggregation of the Gan Eurocourtage financial statements (resulting from the merger treaty) at net book value and the 2011 Groupama SA financial statements;
- elimination of transferred activities (France Marine and Brokerage) based on transfer balance sheets (excluding intangible assets and investments respectively valued at the appraised value and the market value in the transfer balance sheets).

6.3.1 BALANCE SHEET

ASSETS

		31.12.2012	31.12.2011	
(in millions of euros)	Notes	Net amount	Net amount	Pro forma
Intangible assets	**Note 4**	**16,458**	**21,605**	**32,424**
Investments		**9,668,021**	**10,662,807**	**10,817,433**
Land and buildings	Note 5.1	488,573	792,910	792,950
Investments in related companies and companies with equity-linked interest	Note 5.2	7,899,776	9,109,265	8,640,182
Other investments	Note 5.3	1,279,672	760,632	1,384,301
Share of outward reinsurers and retrocessionaires in technical reserves	**Note 6**	**1,083,524**	**604,753**	**773,702**
Reserves for unearned contributions		13,578	7,401	23,384
Reserves for claims (Non-life)		930,448	468,925	621,891
Reserves for profit sharing and rebates (Non-life)		416	466	466
Equalisation reserve		3,203	2,933	2,933
Other technical reserves (Non-life)		135,879	125,028	125,028
Receivables	**Note 7**	**712,808**	**593,592**	**744,415**
Receivables relating to direct insurance operations		77,893	14,272	51,407
Receivables relating to reinsurance transactions		416,300	376,633	402,952
Other receivables		218,615	202,687	290,056
Other assets		**448,220**	**319,791**	**560,892**
Tangible operating assets		10,600	15,668	15,923
Cash and equivalents		437,620	304,123	544,969
Accruals – Assets	**Note 8**	**22,994**	**17,647**	**29,981**
Unrealised foreign exchange adjustments			**13,683**	**13,683**
TOTAL ASSETS		**11,952,025**	**12,233,878**	**12,972,530**

The notes related to the balance were produced based on:

- Groupama SA notes as at 31 December 2011;
- Gan Eurocourtage notes as at 31 December 2011;
- the transfer balance sheet of the Marine portfolio;
- the transfer balance sheet of the Brokerage portfolio.

Underwriting income

The underwriting result was also the subject of a *pro forma*. It was prepared based on:

- the result detailed by Groupama Transport branch as at 31 December 2011: aggregation of the aviation business and branches dedicated to the Marine activity;
- the result by market of Gan Eurocourtage as at 31 December 2011, the residual activities (GSC and losses of rent) being grouped together in ministerial category 31 – Legal protection, assistance, financial losses;
- the underwriting result of Groupama SA as at 31 December 2011.

LIABILITIES

		31.12.2012	31.12.2011	
(in millions of euros)	**Notes**	**Net amount**	**Net amount**	**Pro forma**
Shareholders' equity	**Note 9**	**2,658,200**	**3,370,844**	**3,396,323**
Registered capital		1,686,569	1,686,569	1,686,569
Additional paid-in capital		103,482	103,482	103,482
Other reserves		169,984	174,861	200,340
Retained earnings		1,394,770	1,641,630	1,641,630
Earnings for fiscal year		(696,605)	(235,698)	(235,698)
Subordinated debt	**Note 10**	**2,238,445**	**2,245,445**	**2,245,445**
Gross technical reserves	**Note 11**	**4,296,508**	**3,393,844**	**4,050,710**
Reserves for unearned contributions		206,039	175,215	225,357
Reserves for claims (Non-life)		3,591,043	2,896,719	3,313,721
Reserves for profit sharing and rebates (Non-life)		1,717	490	1,530
Equalisation reserve		138,161	12,857	137,292
Other technical reserves (Non-life)		359,548	308,563	372,810
Provisions for contingencies and charges	**Note 12**	**197,918**	**103,232**	**107,103**
Payables for cash deposits received from outward reinsurers and retrocessionaires representing technical commitments		**92,423**	**85,354**	**85,397**
Other liabilities	**Note 13**	**2,468,606**	**3,028,438**	**3,072,360**
Debts arising from direct insurance operations		12,906	10,035	13,470
Debts relating to reinsurance transactions		270,599	134,024	151,277
Bonds (including convertible bonds)		400,936	397,345	397,345
Debt to credit institutions		795,079	1,028,739	1,028,739
Other debts		989,086	1,458,295	1,481,529
Accruals – Liabilities	**Note 14**	**(75)**	**6,721**	**15,191**
Unrealised foreign exchange adjustments		**0**	**0**	**0**
TOTAL LIABILITIES		**11,952,025**	**12,233,878**	**12,972,530**

6.3.2 OPERATING INCOME STATEMENT

(in thousands of euros)	Gross transactions	Outward reinsurance and retrocessions	Totals net 2012	Totals net 2011	*Pro forma* 2011
Earned premiums	**2,388,817**	**966,061**	**1,422,756**	**1,666,939**	**1,809,876**
Written premiums	2,367,949	955,365	1,412,584	1,676,362	1,816,186
Change in unearned premiums	20,868	10,696	10,172	(9,423)	(6,310)
Income from allocated investments	**(304,368)**		**(304,368)**	**(85,411)**	**(75,325)**
Other underwriting income	**17**		**17**	**201**	**215**
Claim expenses	**(1,773,326)**	**(642,589)**	**(1,130,737)**	**(1,201,853)**	**(1,326,094)**
Benefits and expenses paid	(1,513,815)	(344,214)	(1,169,601)	(1,145,633)	(1,282,814)
Charges from provisions for claims	(259,511)	(298,375)	38,864	(56,220)	(43,280)
Charges from other technical reserves	**7,444**	**(10,801)**	**18,245**	**85,244**	**93,861**
Profit-sharing	**(799)**		**(799)**	**(72)**	**(72)**
Acquisition and administration expenses	**(502,735)**	**(139,189)**	**(363,546)**	**(433,125)**	**(469,070)**
Acquisition costs	(292,359)		(292,359)	(269,616)	(290,600)
Administration costs	(210,376)		(210,376)	(202,780)	(227,263)
Commissions received from reinsurers		(139,189)	139,189	39,271	48,793
Other underwriting expenses	**(151,840)**		**(151,840)**	**(211,345)**	**(212,098)**
Change in provision for equalisation	**(1,432)**	**(271)**	**(1,161)**	**4,843**	**18,152**
OPERATING PROFIT FROM NON-LIFE INSURANCE	**(338,222)**	**173,211**	**(511,433)**	**(174,579)**	**(160,555)**

6.3.3 NON-OPERATING INCOME STATEMENT

(in thousands of euros)	Notes	31.12.2012	31.12.2011
Operating profit from Non-life insurance		**(511,433)**	**(174,579)**
Investment income	**Note 18**	**808,826**	**957,964**
Investment income		185,901	464,185
Other investment income		194,710	70,722
Profits on the sale of investments		428,215	423,057
Investment expenses	**Note 18**	**(1,387,362)**	**(1,147,100)**
Internal and external investment management costs		(161,938)	(204,217)
Other investment expenses		(480,651)	(671,589)
Losses on the sale of investments		(744,773)	(271,294)
Transferred investment proceeds		**304,368**	**85,411**
Other non-technical income and expenses	**Note 19**	**(16,215)**	**(8,954)**
Extraordinary income	**Note 20**	**(23,814)**	**(20,990)**
Employee profit-sharing scheme		**(218)**	
Income tax	**Note 21**	**129,242**	**72,550**
NET PROFIT		**(696,606)**	**(235,698)**

6.3.4 RESULTS OF THE PAST FIVE FISCAL YEARS

(in euros)	2008	2009	2010	2011	2012
I. Financial position at year end					
a) Share capital	1,186,513,186	1,186,513,186	1,186,513,186	1,686,569,399	1,686,569,399
b) Number of existing shares	231,514,768	231,514,768	231,514,768	329,086,712	329,086,712
c) Number of bonds convertible into shares					
II. Transactions and results for the fiscal year					
a) Net profit for the year	1,979,571,342	2,001,650,526	2,100,713,950	2,179,799,113	2,388,816,836
b) Income before tax, amortisation and provisions	316,345,925	(97,809,332)	169,750,226	317,397,258	(446,472,056)
c) Corporate income tax	(76,940,609)	(215,363,627)	(147,419,879)	(72,549,553)	(129,241,672)
d) Employee profit-sharing owed for the fiscal year					
e) Income after tax, profit-sharing amortisation and provisions	445,591,544	148,366,525	147,266,208	(235,698,495)	(696,605,564)
f) Distributed income	53,248,396	104,181,645	104,181,646		
III. Income per share					
a) Income after tax and employee profit sharing but before amortisation and reserves	1.70	0.51	1.37	1.18	(0.96)
b) Income after tax and employee profit sharing, amortisation and reserves	1.92	0.64	0.64	(0.72)	(2.12)
c) Dividend allotted for each share	0.23	0.45	0.45		
IV. Personnel					
a) Number of employees	1,584	1,677	1,669	1,722	1,573
b) Amount of payroll costs	101,483,682	115,851,594	130,006,779	128,997,568	134,392,499
c) Amounts paid in employee benefits	49,146,040	54,633,252	62,660,557	67,939,456	66,599,606

The amount of the payroll and the amounts paid in employee benefits correspond to the gross expenses on the financial statements of the de facto group but before billing to each of its members.

6.3.5 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Summary

1 SIGNIFICANT EVENTS OF THE YEAR

1.1 - Group governance

(a) Chairmanship of Fédération Nationale Groupama, Groupama SA and Groupama Holding

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

Jean-Yves Dagès has been Chairman of the Groupama d'Oc regional mutual since June 2011, Chairman of Misso, Mutuelle Incendie des Sylviculteurs du Sud-Ouest, and Chairman of the Board of Directors of Gan Assurances. He is a member of the Conseil Supérieur des Prestations Sociales Agricoles and mayor of Poyartin (Landes).

(b) Banking and financial security bill

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

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

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

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

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

1.2 - Measures to strengthen the solvency margin

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

These measures involve the following at Groupama SA:

(a) Operations to reduce risk on securities

The reduction of the balance sheet's exposure to equity risk particularly resulted in the disposal of a portion of Société Générale securities. In December, Groupama SA disposed of 4,544,809 Société Générale securities for €133 million.

In addition, Groupama SA significantly reduced its exposure to counterparty risk related to issuers of the Spanish banking sector through the realisation of a bond disposal programme for €41.3 million in net book value.

(b) Strategic businesses disposals

In France

SALE OF GAN EUROCOURTAGE'S PROPERTY AND CASUALTY BUSINESSES TO ALLIANZ FRANCE AND GAN EUROCOURTAGE'S MARITIME BUSINESS IN FRANCE TO HELVETIA

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

  The operation is a portfolio transfer involving the property and casualty business excluding transport of Gan Eurocourtage amounting to around €800 million in turnover and a total balance sheet of €1.9 billion. As part of this operation, 654 people joined the Allianz group.
- On 3 December 2012, Groupama sold Gan Eurocourtage's Maritime portfolio subscribed in France to the Helvetia group.

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

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

Abroad

SALE OF THE SPANISH SUBSIDIARY

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

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

The selling price of Groupama Seguros is €404.5 million.

SALE OF THE NON-LIFE INSURANCE SUBSIDIARY IN THE UNITED KINGDOM TO AGEAS UK

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

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

1.3 - Merger of Groupama SA and Gan Eurocourtage

During 2012, Groupama SA launched a process for the two previously mentioned agreements to sell portfolios to Allianz and Helvetia.

As part of these operations, certain businesses of Gan Eurocourtage were excluded from the scope of the sale. These were portfolios of non-life group insurance (including GSC – Social Guarantee for Company Managers and Executives), Losses of Rent of the distribution business and management of Group Life, the Marine portfolios subscribed by the four EU branches (Spain, Italy, Latvia and United Kingdom), the Marine portfolios subscribed by three non-EU branches (Canada, Hong Kong and Singapore), and the Aviation portfolios subscribed through the La Réunion Aérienne and La Réunion Spatiale EIGs, in run-off since 31 December 2011.

With a view to simplifying the Group's structure and optimising long-term financing, the Boards of Directors of Groupama SA and Gan Eurocourtage approved, on 27 September 2012, the merger/takeover with retroactive effect for accounting and tax purposes as at 1 January 2012 of Gan Eurocourtage by Groupama SA.

With Gan Eurocourtage retaining portfolios resulting from the disposal of the Brokerage and France Marine portfolios, its takeover by Groupama SA was carried out under the provisions of Article L. 324-1 of the French Insurance Code.

With regard to a restructuring operation internal to Groupama and in accordance with the opinion of the French National Accounting Board no. 2004-01 of 25 March 2004 and Regulation no. 2004-01 of the Accounting Regulation Committee, both companies being placed under the common control within the meaning of said regulation, the contributions were carried out according to their net book value as at 31 December 2011. The total assets transferred to Groupama SA amounted to €3,579 million, and the liabilities taken on amounted to €2,870 million, or a net contribution of €709 million for premium income of €1,184 million.

1.4 - Other factors

(a) Financial rating

Fitch

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

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

Standard & Poor's

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

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

(b) Groupama SA's decision not to proceed with the optional interest payment to holders of super-subordinated securities issued in October 2007

For the first time, on an extraordinary basis, Groupama SA decided not to payment the coupon on indefinite-term super-subordinated bonds (TSSDI) at maturity on 22 October 2017, in accordance with the option provided for in the bond's prospectus. Reserves for the accrued coupons on all subordinated bonds as at 31 December 2012 have been recorded in the financial statements.

(c) Temporary implementation of a group proportional treaty

In late December 2011, Groupama entered into a contract for a proportional treaty with a reinsurer with very good credit ratings, representing divestments of €422 million for Groupama SA for the year of occurrence of claims (2012), to take effect on 1 January 2012.

(d) Reinforcement of the equity of its subsidiary Groupama Gan Vie

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

- in May and June 2012, Groupama SA subscribed through two capital increases by way of cash contribution for €140 million and by way of contribution of property assets for €120 million;
- at the end of 2012, as part of a new capital increase, Groupama SA contributed several property assets to Groupama Gan Vie as well as all securities of a company whose main activity is real estate for an overall amount of €752.5 million.

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

2 POST-BALANCE SHEET EVENTS

There were no events subsequent to the close at Groupama SA.

3 ACCOUNTING PRINCIPLES, RULES AND METHODS

Groupama SA's annual financial statements were drawn up and presented in accordance with the French Insurance Code as amended by Decrees no. 94-481 and no. 94-482 of 8 June 1994 and the Order of 20 June 1994 transposing Directive no. 91-674/EEC of 19 December 1991 on the annual financial statements and consolidated financial statements of insurance undertakings.

3.1 - Underwriting operations

Groupama SA is engaged mainly in the following Non-life insurance operations:

- business underwritten directly and that conducted within coinsurance and reinsurance groups;
- the reinsurance of each of the regional mutuals under the reinsurance agreement entered into with each of them;
- the reinsurance of other entities of the Group in France and internationally.

Since the Antilles Guyane regional mutual is not licensed to conduct insurance operations, Groupama SA directly replaces this mutual to cover these operations. Under this principle, the corresponding figures reported in the financial statements contain the information reported as "direct business" after deducting "custody of the regional mutual".

3.1.1 - Premiums

Premiums comprise:

- premiums written during the fiscal year, net of cancellations;
- variation in premiums still to be written;
- variation in premiums to be cancelled.

These premiums are corrected for variation in unearned premiums and constitute the amount of earned premiums.

3.1.2 - Reserve for unearned contributions

The reserve for unearned premiums for all policies in force at the fiscal year-end shows the share of premiums written and premiums yet to be written relating to the risk coverage in effect for the year or years following the reporting year.

3.1.3 - Acquisition and administration expenses

These expenses mainly consist of:

- commissions paid by Groupama SA to the regional mutuals. These are determined pursuant to the provisions stipulated in the reinsurance agreement with the regional mutuals and are calculated based on the earned premiums that Groupama SA accepts from the regional mutuals;
- commissions assessed on direct business and other inward reinsurance business.

3.1.4 - Deferred acquisition costs

A portion of the overhead expenses of Groupama SA allocated for the acquisition of contracts and commissions on direct business is posted to assets on the balance sheet. This is the share of acquisition expenses pertaining to unearned premiums.

3.1.5 - Claims

The claims expense for the year consists mainly of:

- services and expenses paid for in connection with direct business or that accepted under reinsurance treaties which equate the claims paid net of remedies to be received for the year plus periodic annuity payments. They also include claims-related expenses. These claims also include periodic payments of annuities managed directly by Groupama SA, as well as management costs from the distribution of overhead expenses;
- the reserves for claims in direct business and inward reinsurance business represent the estimate, net of claims receivable, of the cost of all unpaid claims at the end of the year, both declared and undeclared. These provisions also include actuarial reserves on the annuities accepted from the regional mutuals plus a charge for management expenses based on the rate of actual expenses observed by Groupama SA;
- the estimated value of reserves for claims is based on an actuarial approach, defined in accordance with a group methodology. By means of valuations of final costs based on payment triangles or costs (by risk segment), it permits a determination of the sufficient and adequate amount of reserves for claims payable (in accordance with Article R. 331-5 of the French Insurance Code). This valuation incorporates the valuation of delinquent claims into its approach.

In construction risk, the reserve for claims yet to be made comprises direct claims and claims from the regional mutuals is two-pronged. One component is set aside for ten-year coverage for general liability and the other is for ten-year coverage for property damages. The amount allocated to the reserve is determined using the method set out by Article A. 331-21 of the French Insurance Code.

The actuarial reserves, as determined by the regional mutuals and accepted by Groupama SA, represent the actual value of their commitments relating to annuities plus their ancillary expenses. The tables applied to assess these reserves are computed with a financial discount and are based on demographic trends.

In life and health insurance, the methods for determining the reserves for outstanding claims were introduced by the ministerial order of 28 March 1996 for temporary and permanent disability, are applied:

- using specific Groupama tables on the one hand certified by an independent actuary for individual risk and maintenance tables from the Bureau Commun des Assurances Collectives (BCAC) for group risk with respect to temporary disability coverage;
- using the BCAC maintenance tables for pending disability coverage.

3.1.6 - Equalisation reserve

The reserve for equalisation can be established to cover exceptional charges relating to the risks set forth in Article R. 331-6-6 of the French Insurance Code by Decree no. 2001-1280 of 28 December 2001 and by Article 39 quinquies G of France's General Tax Code as modified by Decree no. 2002-1242 of 4 October 2002, which granted the scope of application of the reserve for equalisation of insurance coverage relating to attacks, terrorism and air transport. Groupama SA computes this reserve based on the share of risks it insures or reinsures or that is obtained through its share of the results owing to its shareholding in certain professional pools.

3.1.7 - Commitment reserve

A commitment reserve is recognised for losses of rents for estimated losses until the extinction of this risk. The risk corresponds to the difference between the estimations of premiums, claims and commissions.

3.1.8 - Other technical reserves

A reserve for unexpired risks is allocated when the estimated amount of claims (including management costs) that could be reported after the year end on policies written up before that date exceeds the reserve for unearned premiums.

The reserve for increasing risks is the difference between the current values of the commitments taken respectively by the insurer and by the policyholders for insurance transactions covering health and disability risks. This reserve concerns the reserves formed in dependency insurance as well as those on direct business managed by Groupama SA.

The actuarial reserves for annuities are based on the discounted values of annuities and annuity ancillaries still owed at the inventory date. This item includes the provisions set aside against direct business and supplementary provisions on inward reinsurance business.

In life and health insurance, the methods for determining actuarial reserves that were introduced by the ministerial order of 28 March 1996 for temporary and permanent disability, are applied. For disability annuities in progress, the reserves are determined by applying maintenance tables from the Bureau Commun des Assurances Collectives (BCAC).

Regarding actuarial reserves for non-life annuity income, the business also incorporates the population's lengthening life expectancy. Consequently, actuarial reserves for additional non-life annuity income are posted at the balance-sheet close in order to calculate the principal to be paid to victims of bodily injury. These are now based on the TH/TF 2000-2002 mortality tables.

Pursuant to Article R. 331-5-1 of the French Insurance Code and Decree no. 2008-1437 of 22 December 2008, a reserve for liquidity risk is allocated when investments subject to Article R. 332-20 are found to be in a situation of overall net unrealised capital loss. This reserve is intended to deal with insufficient liquidity of investments, especially when there is a change in the pace at which claims are paid. Subject to compliance with the provisions of the French Insurance Code, which allow for an extended schedule, contributions to this reserve are spread out over three years.

3.1.9 - Inward reinsurance transactions

Inward reinsurance transactions are recognised according to the terms of Groupama SA's reinsurance agreement with its regional mutuals, reinsurance treaties entered into mainly with the Group's other entities and under the professional pools.

3.1.10 - Outward reinsurance and retrocessions

Outward reinsurance, mainly to reinsurers outside the Group, on accepted risks or direct insurance is accounted for under the terms of the various treaties. They may be supplemented by estimates if the current accounts with those reinsurers are incomplete at the end of the financial year. The securities taken as collateral by the reinsurers (outward reinsurers or retrocessionaires) are recorded in the statement of commitments received and given.

Pursuant to the reinsurance agreement, Groupama SA makes retrocessions with regional mutuals on various risks accepted or direct insurance; those transactions are recorded pursuant to the reinsurance agreement signed between Groupama SA and the regional mutuals.

3.2 - Investments

3.2.1 - Entry costs and valuation at year end

(a) Land and buildings, shares in real-estate investment companies (SCIs)

Buildings and shares in unlisted SCIs are recorded at their purchase or cost price.

Pursuant to Regulation no. 2004-06 of the Accounting Regulation Committee, the acquisition costs (transfer taxes, professional fees and registration costs, etc.) are incorporated into the acquisition cost of the shell component of the asset to which they refer.

Pursuant to Regulation no. 2002-10 of the French Accounting Regulation Committee, real-estate properties are recorded in the financial statements by components.

The four components used by Groupama SA are the following:

- bare structure or shell;
- wind- and water-tight facilities;
- technical facilities;
- fixtures, finishings.

The lifespan and rate of amortisation of each component depend on the period of foreseeable use of the component and the nature of the real-estate property. Because the residual value of the bare structure component cannot be measured in a sufficiently reliable fashion, it is therefore not determined, and that component is amortised based on the acquisition cost.

The following table shows the amortisation periods and the percentages used by type of real-estate property:

	Residences and offices before 1945		Residences and offices after 1945		Shops		Offices or residence skyscrapers	
Components	**Period**	**QP**	**Period**	**QP**	**Period**	**QP**	**Period**	**QP**
Building shell								
Frame, beams, columns, floors, walls	120 years	65%	80 years	65%	50 years	50%	70 years	40%
Wind- and water-tight facilities	**35 years**	**10%**	**30 years**	**10%**	**30 years**	**10%**	**30 years**	**20%**
Roof-terrace, Facades, Covering, External woodwork								
Technical facilities	**25 years**	**15%**	**25 years**	**15%**	**20 years**	**25%**	**25 years**	**25%**
Lifts, Heating/Air conditioning, Networks (electrical, plumbing, etc.)								
Fixtures, finishings	**15 years**	**10%**	**15 years**	**10%**	**15 years**	**15%**	**15 years**	**15%**
Int. improvements								

The redemption value of buildings and shares in unlisted SCIs is determined in accordance with the French Insurance Code based on appraisals made every five years and reviewed annually.

(b) Fixed-income securities

Bonds and other fixed income securities are recorded at their purchase price net of accrued interest at the time of purchase. The difference between the purchase price and the redemption value is reported on the income statement using actuarial methods over the remaining term until their redemption date. An amortisation of the premium or discount is recorded up to the time of transfer in the year the fixed income marketable securities are sold.

Accrued interest is recognised on the balance sheet under asset accruals.

Bonds convertible into shares are stripped into two components after acquisition: into the traditional bond under Article R. 332-19, on the one hand, and an option to convert into shares under Article R. 332-20, on the other.

Pursuant to the provisions of decrees no. 2002-1535 of 24 December 2002 and no. 2006-1724 of 23 December 2006, inflation-linked change in the redemption value of bonds that are indexed on the general price levels is posted to income.

The redemption value recorded at the close is the most recent quoted price at the inventory date. For unlisted securities, it is the market value resulting from the price that would be obtained under normal market conditions and depending on their utility to the Company.

(c) Equities and other variable-income securities

Shares and other variable-income securities are recorded at their purchase price excluding accrued interest. As of fiscal year 2007, pursuant to the notice from the Emergency Committee of the CNC dated 15 June 2007, Groupama SA chose the accounting option allowing it to incorporate acquisition costs into the cost price of equity interests and to recognise, in its accounting, accelerated amortisation over 5 years.

The realisable value recorded at year end is:

- for listed securities, the last price listed on the day of the inventory;
- for unlisted securities, the market value corresponding to the price that would be obtained for them under normal market conditions and based on their utility for the Company;
- for shares of variable-capital investment companies and shares of mutual funds, the last purchase price published on the day of the inventory.

(d) Loans

Loans granted to companies belonging to the Group and to other entities are valued according to their contracts.

3.2.2 - Reserves

(a) Fixed-income securities

Any unrealised capital losses resulting from comparing the book value, including the differences between the redemption prices (premium, discount), with the redemption value, do not normally carry a provision for diminution in value. Nevertheless, a reserve for impairment is allocated when there is reason to believe that the debtor will not be able to honour his commitments, either to pay interest or to repay the principal.

(b) Investment properties, variable-income securities, loans

REAL-ESTATE INVESTMENTS

When the net carrying amount of buildings, equity shares, or shares in unlisted companies exceeds the realisation value of the aforesaid investments, a reserve for long-term impairment may be allocated. Such impairment reserves are applied to investment properties where this is significant but is not applied to properties used in the business where such business usage for the Company is not likely to change.

LISTED SECURITIES (EXCEPT EQUITY INTERESTS)

For those investments covered by Article R. 332-20, a line-by-line provision for impairment may only be allocated when there is reason to deem that the impairment is permanent.

Hence, pursuant to note no. 2002-F of the French National Accounting Board's Emergency Committee dated 18 December 2002, the permanent nature may only be presumed:

- if there was a long-term impairment for an investment line in the previous published statement;
- for a listed investment, the financial investment has shown a significant loss from its book value over a period of six consecutive months prior to closing; Significant unrealised capital loss is assumed to apply when, over a six-month period, the security has permanently declined by 20% from its sale price (this rate may be increased to 30% in the event of high volatility in the financial markets);
- there are objective indicators of long-term impairment.

In the event of long-term impairment of a security the amount of the reserve is the difference between historical cost price and recoverable amount.

The reference value or recoverable amount is determined based on a multi-criteria approach that depends on the nature of the assets and the holding strategy.

EQUITY INTERESTS

The valuation of equity securities is based on multi-criteria methods chosen according to each particular situation (nature of assets, holding horizon, etc.).

A reserve for impairment is established when the value in use at the inventory date obtained through the valuation methods described above is less than the entry cost of those securities.

LOANS

When the estimate of the recoverable value of a loan at inventory date is below its gross amount plus any accrued and unpaid interest at the end of the period, a reserve for impairment is allocated for the difference.

3.2.3 - Investment income and expenses

Financial income includes the revenue from investments received during the fiscal year (rent, dividends, coupon payments, interest on loans and current accounts).

Other investment income includes the pro-rata share in the discount on the bond redemption differences and reversals of reserves for loss in value of investments.

Other investment expenses include the percentage of appreciation on the differences in redemption of bonds, and the depreciation allowance and reserves for investments, and the percentage of overhead expenses corresponding to investment-management activities.

The capital gains or losses on marketable securities are determined by applying the first-in first-out method (FIFO), and they are recorded in the income statement. However, with respect to bonds and other fixed income securities, the profit equivalent to the difference between the price for which the security was sold and its current value is allocated to the capitalisation reserve and is debited from the income statement. In the case of a loss, a write-back is made from this capitalisation reserve up to the limit of the previously allocated reserves.

For these same securities, a reversal is made during the year they are sold for the accumulated amortisation of the premium or discount recorded up to the date of sale.

In non-life insurance, investment income and expenses are recorded on the non-operating income statement.

A portion of financial income reverting to technical reserves is transferred to the non-life technical income statement on a basis prorated to the technical reserves and equity.

3.2.4 - Forward sale financial instruments

(a) Forward sale currency hedging contracts

Forward sale currency hedging contracts implemented by Groupama SA are aimed at protecting against the foreign exchange risk component present in certain assets. The currency gain or loss occurring when the hedge is unwound is recorded on a net basis with the capital gain or loss at the time the underlying asset is sold. Conversely, the currency gains or losses relating to renewal of the hedges are recorded in an accrual account.

Unrealised capital gains and losses on forward currency sale contracts are hedged using securities received or given, respectively, in guarantee as part of a collateralisation agreement.

Moreover, as part of anticipated foreign currency investments, Groupama SA may implement hedges through purchases of foreign currencies. In this case, the foreign exchange gain or loss at the time the investment is unwound is incorporated into the acquisition cost of the securities acquired.

3.3 - Other transactions

3.3.1 - Intangible fixed assets

Intangible assets mainly consist of:

- software under development;
- acquired software depreciated over a period of 1 to 4 years by the straight-line method;
- developed software depreciated over a period of 3 or 4 years by the straight-line method.

The software carries a provision, if necessary, to recognise an additional impairment deemed to be irreversible at the year end.

3.3.2 - Management fees and commissions

Management fees incurred by Groupama SA are recorded according to their nature within the de facto Groupama SA group; expenses pertaining to other members of the de facto group are billed back to them. They are then classified for the presentation of the financial statements according to their purpose, by applying allocation keys. These keys are determined analytically and reviewed annually according to Groupama SA's internal structure and organisation.

The management costs are classified under one of the following five categories:

- claims settlement costs, which specifically include claims services expenses and claims dispute expenses;
- acquisition expenses, which factor in a part of the commissions of the regional mutuals, commissions paid for direct business and other inward reinsurance, advertising, and marketing expenses;
- administrative costs, which include a portion of the commissions of the regional mutuals and management expenses for direct business and accepted reinsurance;
- investment expenses, which specifically include investment management services, including fees, commissions and brokerage commissions paid;
- other operating expenses, which include expenses that cannot be assigned directly or by applying a cost to one of the other categories.

Expenses arising from activities with no operating connection with the insurance business are reported as other non-operating expenses.

3.3.3 - Foreign currency transactions

Pursuant to Accounting Regulation Committee Regulation no. 2007.07 of 14 December 2007 on the accounting treatment of foreign currency transactions of companies governed by the French Insurance Code, operational foreign currency position accounts, converted at inventory price and the equivalent in euros, are offset against foreign exchange income.

For structural transactions, the foreign exchange difference is posted to the balance sheet in unrealised foreign exchange adjustment accounts.

3.3.4 - Accounts receivable

Receivables are recorded at their face redemption value (historical cost).

They specifically include:

- for direct insurance operations:
  - premiums yet to be written for policyholders;
  - premiums yet to be cancelled for policyholders;
  - premiums yet to be collected from policyholders;
  - loans or advances from co-insurers;
- for inward reinsurance transactions:
  - Groupama SA's share in the premiums yet to be written, and in the premiums to be cancelled by the ceding entities (notably the regional mutuals), net of reinsurance;
  - loans or advances with the ceding entities;
  - receivables due relating to transactions accepted from the ceding entities;
- for outward transactions:
  - loans or advances to outward reinsurers;
  - income owed relating to transactions ceded to outward reinsurers;
- for the other receivables:
  - tax combination loans or advances to daughter companies;
  - receivables from government bodies and social security agencies;
  - loans or advances to various other entities;
  - other income due.

When the inventory value at the financial year end is below the book value, a provision for diminution in value is set aside.

3.3.5 - Tangible operating assets

The PPE account mainly includes:

- fixtures and improvements of premises;
- transportation equipment;
- office equipment;
- furniture;
- computer hardware;
- other tangible assets.

These assets are amortised using either the straight-line method or the accelerated method over the estimated useful lives, which ranges from 2 to 10 years depending on the type of asset.

3.3.6 - Accruals – Assets

The accruals accounts on the asset side are mainly composed of:

- interest accrued and income receivable;
- differences on bond-redemption prices;
- acquisition costs carried forward to future years.

3.3.7 - Contingent liabilities reserves

The contingent liabilities reserves are established pursuant to CRC Regulation no. 2000-06 dated 7 December 2000. This item also includes regulated reserves, especially accelerated amortisation.

3.3.8 - Corporate income tax

Groupama SA is the parent company of a tax combination group comprising 53 tax-combined entities.

Tax expenses are borne by the consolidated company, just as they are when there is no tax consolidation.

The tax savings realised by the Group relating to losses are reported at the Groupama SA parent company level. They are treated as an immediate gain for the year and not as a simple cash saving.

The tax savings realised by the Group not relating to losses are also reported at the Groupama SA parent company level and recorded as a reduction from the tax expense.

These two items are recorded in the financial statements pursuant to the provisions of notice 2005-G dated 12 October 2005 of the Emergency Committee of the Conseil National de la Comptabilité.

3.3.9 - Payables

Payables mainly consist of:

- for direct insurance operations:
  - policyholders' credit accounts;
  - commissions on premiums earned but not written;
  - advances or loans from co-policyholders;
- for inward reinsurance transactions:
  - advances or loans with the ceding offices;
  - payables owed for inward transactions from these ceding entities;
- for outward transactions:
  - advances or loans with outward reinsurers;
  - payables owed for inward transactions from these outward reinsurers;
- for the other payables:
  - advances or loans of a financial and operational nature with various other entities;
  - bank overdrafts;
  - taxes and social security owed.

3.3.10 - Accruals – Liabilities

Accrual accounts on the liabilities side correspond mainly to the amortisation of differences on bond redemption prices.

3.3.11 - Non-operating expenses and income

Pursuant to the ministerial order of 31 December 2010 following the tax system change to the capitalisation reserve introduced by the 2011 financial law, allocations and reversals to the capitalisation reserve mentioned in paragraph 3.2.3 of the accounting principles, rules, and methods generate both a non-operating reversal and an allocation to the capitalisation reserve corresponding to the income and the theoretical tax expense on this reversal and allocation.

3.4 - Change in accounting method

No change in accounting method was noted during this fiscal year.

4 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 4 INTANGIBLE ASSETS

STATEMENT OF MOVEMENTS DURING THE YEAR

(in thousands of euros)	Amount as at 31.12.2011	Contribution of GEC at 01.01.2012	Disposal of brokerage portfolio at 01.01.2012	Disposal of France marine portfolio at 01.01.2012	Inclusions/ contributions to depreciation (1)	Removals/ write-backs from depreciation (2)	Amount as at 31.12.2012
Gross values	82,296	20,631	(3,849)	(4,379)	83,341	(22,807)	155,233
Amortisation	60,691	6,257	(3,849)	(825)	78,729	(2,228)	138,775
TOTAL NET AMOUNTS	**21,605**	**14,374**	**0**	**(3,554)**	**4,612**	**(20,579)**	**16,458**

(1) Including Gan Eurocourtage merger deficit fully impaired.
(2) Including impairment of goodwill coming from the former Groupama Transport.

NOTE 5 INVESTMENTS

Note 5.1 - Land and buildings

STATEMENT OF MOVEMENTS DURING THE YEAR

(in thousands of euros)	Amount as at 31.12.2011	Contribution of GEC at 01.01.2012	Disposal of brokerage portfolio at 01.01.2012	Disposal of France marine portfolio at 01.01.2012	Contribution to GGVie	Inflows during the fiscal year	Outflows during the fiscal year	Amount as at 31.12.2012
Gross values								
Reserves	366,870	42,312	(19,860)	(22,412)	(151,811)	5,343	(36,157)	184,285
Shares of real-estate companies	479,596	87,588	(87,588)		(93,912)	4,863	(74,483)	316,064
Total gross amounts	**846,466**	**129,900**	**(107,448)**	**(22,412)**	**(245,723)**	**10,206**	**(110,640)**	**500,349**
Amortisation/Impairment								
Reserves	53,527	7,342	(5,510)	(1,832)	(9,911)	2,751	(34,619)	11,748
Shares of real-estate companies	29							29
Total amortisation	**53,556**	**7,342**	**(5,510)**	**(1,832)**	**(9,911)**	**2,751**	**(34,619)**	**11,777**
TOTAL NET AMOUNTS	**792,910**	**122,558**	**(101,938)**	**(20,580)**	**(235,812)**	**7,455**	**(76,021)**	**488,572**

Aside from the operations related to the merger with Gan Eurocourtage and the portfolio disposals, Groupama SA contributed to its subsidiary Groupama Gan Vie two investment properties, three operating properties, a share of property complex for a net book value of €143 million, as well as shares of SCI Champs Elysées for a net book value of €93.9 million.

Other eliminations mainly pertain to the disposal of properties and SCI shares.

6

Note 5.2 - Investments in affiliated companies and in companies with which there is an equity tie

SUMMARY TABLE

(in thousands of euros)	Amount as at 31.12.2011	Contribution of GEC at 01.01.2012	Disposal of brokerage portfolio at 01.01.2012	Disposal of France marine portfolio at 01.01.2012	Contribution to GGVie	Transfers inclusions/ removals	Inclusions during the fiscal year	Removals during the fiscal year	Amount as at 31.12.2012
Gross values									
Equities and similar instruments									
Affiliated companies	8,574,129	12,954	(7,178)				1,594,166	(2,055,301)	8,118,770
Companies with which there is an equity link	974,071	3,719		(888)	(606,502)		517,174	(248,169)	639,405
Loans and receivables									
Affiliated companies	948,784						33,683	(197,016)	785,451
Companies with which there is an equity link	525							(175)	350
Cash deposits with ceding entities	9,790						63,917	(36,631)	37,076
Total gross amounts	**10,507,299**	**16,673**	**(7,178)**	**(888)**	**(606,502)**		**2,208,940**	**(2,537,292)**	**9,581,052**
Reserves									
Equities and similar instruments									
Affiliated companies	1,225,826	62					422,820	136,224	1,512,484
Companies with which there is an equity link	172,208	830		830			40,694	44,110	168,792
Loans and receivables									
Affiliated companies									
Companies with which there is an equity link									
Cash deposits with ceding entities									
Total reserves	**1,398,034**	**892**		**830**			**463,514**	**180,334**	**1,681,276**
TOTAL NET AMOUNTS	**9,109,265**	**15,781**	**(7,178)**	**(1,718)**	**(606,502)**		**1,745,426**	**(2,717,626)**	**7,899,776**

Equities and similar instruments

The principal changes occurring with regard to equities during the year were the strengthening of existing interests and internal restructuring transactions within the Group.

Groupama SA thus subscribed to the capital increases of Groupama Gan Vie for €1,012.5 million, Groupama Phoenix for €94.4 million, Groupama Asigurazioni for €30 million, Groupama Banque for €43.3 million, Amaline Assurance for €25.1 million and Groupama Asigurari for €15 million.

In addition, Groupama SA bought from the regional mutuals as well as the companies of the Group all of their remaining stake in Silic for €53.5 million. Subsequently, Groupama transferred its stake in Silic to Holdco for €309.9 million and received Holdco securities for €516.8 million in exchange. Considering the first contribution carried out in 2011 for €90 million, the total gross value of Holdco securities amounted to €606 million. All Holdco securities were then contributed to Groupama Gan Vie as part of the capital increase of €1,012.5 million.

Groupama SA carried out disposals of subsidiaries:

- Groupama Seguros for a selling price of €404.5 million. The generated outflow of securities of €518.2 million, or a realised capital loss of €113.7 million (see Significant events);
- Groupama Insurance for a net book value of €392.9 million; the capital loss of €254.3 million is offset by a provision write-back of €62.4 million (see Significant events).

During 2012, the change in market conditions and the position of Groupama SA led to a redefinition of the asset allocation and the specification of an equity derisking policy. As part of this policy, Groupama SA implemented disposals in 2012 on lines of Société Générale securities for which an assumption of long-term holding had been formulated as at 31 December 2011. In accordance with the note 2002-F of the French National Accounting Board's Emergency Committee, the Company therefore:

- analysed the conditions under which the change of intention occurred;
- drew the necessary consequences in terms of holding times for strategic securities and more generally the method for establishing provisions for these assets.

It thus concluded that the treatments applied to these operations and the provisions for strategic securities comply with the regulation defined by the French National Accounting Board.

The disposal of Société Générale securities for €247.4 million resulted in a provision write-back of €24.4 million.

The allocations for permanent depreciation recognised on the insurance subsidiaries mainly involve Groupama Garancia for €101.9 million, Groupama Asigurari for €55.5 million, Groupama Phoenix for €59.4 million, Gan UK Broking Services for €104.8 million, Groupama Sigorta for €31.4 million, Amaline Assurances for €28.7 million and Groupama Seguros de vida for €18.3 million.

Provision write-backs mainly pertain to Groupama Insurance for €62.3 million, Gan Assurances for €31.9 million, OTP Garancia Asigurari for €26 million, Société Générale for €24.4 million, Rampart for €14.8 million and OTP Bank for €10.8 million.

Loans

The main movements on loans and advances granted by Groupama SA pertain to the repayment of two Gan Assurances loans for €80 million, the Gan UK Broking Services loan for €91.7 million, as well as the Groupama Phoenix loan for €25 million.

Note 5.3 - Other investments

This involves investments other than those mentioned in 5.1 and 5.2, specifically other shares, bonds and mutual fund units.

STATEMENT OF MOVEMENTS DURING THE YEAR

(in thousands of euros)	Amount as at 31.12.2011	Contribution of GEC at 01.01.2012	Disposal of brokerage portfolio at 01.01.2012	Disposal of France marine portfolio at 01.01.2012	Transfers inclusions/ removals	Inclusions/ contributions to provisions	Removals/ write-backs from provisions	Amount as at 31.12.2012
Gross values								
Fixed-return bonds and mutual funds	284,537	972,848	(539,513)	(88,344)	725	280,918	(573,251)	337,920
Variable-return equities and mutual funds	423,390	284,413	(180,974)		(725)	5,459	(132,070)	399,493
Cash UCITS	58,461	579,024	(532,338)			3,943,360	(3,579,777)	468,730
Others	30,117	118,787				9,096	(42,823)	115,177
Total gross amounts	**796,505**	**1,955,072**	**(1,252,825)**	**(88,344)**		**4,238,833**	**(4,327,921)**	**1,321,320**
Reserves								
Fixed-return bonds and mutual funds	33,707					5,415		39,122
Variable-return equities and mutual funds	2,167					1,565	(1,206)	2,526
Total reserves	**35,874**					**6,980**	**(1,206)**	**41,648**
TOTAL NET AMOUNTS	**760,631**	**1,955,072**	**(1,252,825)**	**(88,344)**		**4,231,853**	**(4,326,715)**	**1,279,672**

Inclusions and removals during the year specifically corresponded to transactions involving money-market funds.

As noted in Paragraph 3.2.2 of Note 3 on accounting principles, long-term impairment is assumed for listed, variable-return securities, particularly:

- if there was a long-term provision for an investment line in the previous published statement;
- if the investment has consistently shown a significant unrecognised loss from its book value over a period of six consecutive months prior to closing;
- there are objective indicators of long-term impairment.

For fiscal year 2012, a significant unrecognised loss from its book value is assumed if over a period of six months the security is consistently discounted at 20% off its cost price.

Sovereign debt instruments of peripheral countries of the euro zone

Investments in bonds issued by peripheral countries of the eurozone, *i.e.*, Spain, Greece, Ireland, Italy and Portugal, are presented as follows:

	31.12.2012			31.12.2011			
(in thousands of euros)	Gross cost price	Sale Value	Gross unrealised capital gains or losses	Gross cost price	Provisions	Sale Value	Gross unrealised capital gains or losses
Spain	0	0	0	0	0	0	0
Greece	0	0	0	82,137	28,742	53,395	0
Italy	15,492	15,448	(44)	0	0	0	0
Portugal	47,000	37,795	(9,204)	0	0	0	0
TOTAL	**62,492**	**53,243**	**(9,249)**	**82,137**	**28,742**	**53,395**	**0**

In 2012, the entity no longer holds Greek sovereign debt securities directly or through mutual funds.

Regarding sovereign debt securities of peripheral countries of the eurozone (excluding Greece), the Company observes that their valuation continues to be affected by a level of mistrust of the financial markets, in decline compared to last year. Some issuing countries were the subject of a reduction of their rating or even a rescue package from the International Monetary Fund. Currently, however, the following should be noted:

- 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, in accordance with the provisions of opinion no. 2006-07 of the CNC, the Company considers that there is no proven risk of depreciation of these debt securities and therefore no reason to recognise a provision for permanent depreciation.

Non-sovereign debt instruments in peripheral countries of the euro zone

The balance sheet value of the entity’s direct investments in bonds issued by companies, banks, local authorities and paragovernmental organisations located in peripheral countries of the eurozone (Spain and Italy) is €16.5 million as at 31 December 2012. These securities present a gross unrealised capital gain of €0.1 million.

Note 5.4 - Summary table of investments

Summary by type *(in thousands of euros)*	31.12.2012 Gross Value	Net Value	Sale Value
1. Real estate investments (incl. pending)	204,221	190,387	248,924
2. Equities and other variable-income securities	8,557,223	6,930,512	8,413,255
3. Variable-income mutual funds	135,154	133,590	133,206
FFI yield strategies			
4. Fixed-income mutual funds	19,960	19,960	22,413
5. Bonds and other fixed-income securities	113,271	107,682	113,398
6. Mortgage loans			
7. Other loans and similar notes	801,914	801,914	801,860
8. Deposits with ceding companies	1,548,471	1,455,580	1,459,767
9. Other deposits, cash guarantees and other investments	111,469	111,469	111,469
10. Assets representing unit-linked contracts			
11. Other FFI			
TOTAL INVESTMENTS AND FFI	**11,491,683**	**9,751,094**	**11,304,292**
Of which total FFI			
Of which total investments	11,491,683	9,751,094	11,304,292
Other items [(1)]	(83,073)	(83,073)	
TOTAL INVESTMENTS	**11,408,610**	**9,668,021**	

(1) Corresponds specifically to pledges by an agency exempt from approval as well as the current financial statements of a group entity (Groupama Investissement).

Within the context of the financial markets, possible uncertainties may result from the fact that sale values applied based on the most recent quotes or latest published purchase prices may differ significantly from the prices at which transactions might actually take place if the assets have to be ceded.

Summary table of investments (cont.)

(in thousands of euros)	31.12.2012 Gross Value	Net Value	Sale Value
A) Summary by estimating method			
Securities estimated according to Article R. 332-19	234,506	229,552	227,827
Securities estimated according to Article R. 332-20	11,257,177	9,521,542	11,076,465
Securities estimated according to Article R. 332-5			
Sub-total	**11,491,683**	**9,751,094**	**11,304,292**
B) Summary by allocation method			
Securities allocatable to the representation of technical reserves	9,117,767	7,508,875	9,056,824
Securities that secure commitments toward protection institutions or hedge managed investment funds			
Securities deposited with ceding entities	1,548,470	1,455,580	1,459,768
- Of which joint surety			
Securities allocated to special technical reserves of other businesses in France			
Other allocations or no allocation	825,446	786,639	787,700
Sub-total	**11,491,683**	**9,751,094**	**11,304,292**
II. - Securities allocatable to the representation of technical reserves (other than the investments and the share of reinsurers in technical reserves)	**309,404**	**309,404**	**309,404**
III. - Securities belonging to protection institutions			
A) Itemisation of land and buildings			
Operating activities property			
- Real assets	185,258	173,243	209,400
- Holdings in SCIs or real estate companies	5,939	5,939	8,326
Other fixed assets			
- Real assets	3,719	1,929	4,582
- Holdings in SCIs or real estate companies	310,125	310,096	365,486
B) Balance not yet amortised or not yet recovered corresponding to the difference in redemption price of securities valued pursuant to Article R. 332-19			
- Including discount not yet amortised		1,452	
- Redemption premium not recovered		11,718	

NOTE 6 SHARE OF OUTWARD REINSURANCE AND RETROCESSIONAIRES IN TECHNICAL RESERVES

(in thousands of euros)	31.12.2012				31.12.2011				*Pro forma* 31.12.2011 [(1)]			
	Outward reinsurance on direct business [(2)]	Retro on inward reinsur. from RMs	Other Retro-cessions	Total	Outward reinsurance on direct business [(2)]	Retro on inward reinsur. from RMs	Other Retro-cessions	Total	Outward reinsurance on direct business [(2)]	Retro on inward reinsur. from RMs	Other Retro-cessions	Total
Reserves for unearned contributions	5,311	8,267		13,578	7	7,394		7,401	6,473	7,394	9,518	23,384
Reserves for claims	232,094	430,409	267,946	930,448	67,397	185,590	215,939	468,925	185,394	185,590	250,908	621,891
Reserves for profit-sharing	416			416	466			466	466			466
Equalisation reserves	1,563		1,640	3,204	1,490		1,443	2,933	1,490		1,443	2,933
Other technical reserves	16,844	118,830	204	135,879	12,146	112,491	391	125,028	12,146	112,491	391	125,028
TOTAL	**256,228**	**557,506**	**269,790**	**1,083,524**	**81,505**	**305,474**	**217,773**	**604,753**	**205,968**	**305,475**	**262,260**	**773,702**

(1) The pro forma 2011 financial statements were not audited.
(2) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.

The increase in the reinsurer share in “reserves for claims” is explained by the establishment in 2012 of a significant proportional treaty with a reinsurer with very good credit ratings.

NOTE 7 RECEIVABLES

	31.12.2012				31.12.2011				*Pro forma* 31.12.2011 [1]			
	Maturity				Maturity				Maturity			
(in thousands of euros)	< 1 year	1-5 years	+5 years	Total	< 1 year	1-5 years	+5 years	Total	< 1 year	1-5 years	+5 years	Total
Receivables												
Receivables relating to direct insurance operations	**65,249**	**12,645**		**77,894**	**11,914**	**2,358**		**14,272**	**49,049**	**2,358**		**51,407**
Earned premiums not written	9,684			9,684	2,525			2,525	11,838			11,838
Other receivables relating to direct insurance transactions	55,565	12,645		68,210	9,389	2,358		11,747	37,211	2,358		39,569
Policyholders	3,986	3,287		7,273	1,042			1,042				
Insurance intermediaries	40,578	7,598		48,176	139			139				
Co-insurers	11,001	1,760		12,761	8,208	2,358		10,566				
Receivables relating to reinsurance transactions	**383,909**	**32,391**		**416,300**	**344,651**	**31,982**		**376,633**	**370,970**	**31,982**		**402,952**
Reinsurers	72,450	16,142		88,592	45,817	15,288		61,105				
Ceding entities	311,459	16,249		327,708	298,834	16,694		315,528				
Other receivables	**190,863**	**27,752**		**218,615**	**174,978**	**27,709**		**202,687**	**262,347**	**27,709**		**290,056**
Personnel	4,020			4,020	12,681			12,681	12,711			12,711
Government, Social Security, public authorities and local authorities	5,460			5,460	1,561			1,561	5,900			5,900
Other debtors	181,383	27,752		209,135	160,736	27,709		188,445	243,736	27,709		271,445
TOTAL RECEIVABLES	**640,021**	**72,788**		**712,809**	**531,543**	**62,049**		**593,592**	**682,366**	**62,049**		**744,415**

(1) The pro forma 2011 financial statements were not audited.

NOTE 8 ACCRUALS – ASSETS

(in thousands of euros)	31.12.2012	31.12.2011	*Pro forma* 31.12.2011 [1]
Accrued interest not yet due	13,903	5,341	10,653
Deferred acquisition costs	7,557	7,574	8,011
Reimbursement price differences receivable	1,140	120	5,149
Other accruals	394	18,295	19,852
TOTAL ASSET ACCRUALS	**22,994**	**31,330**	**43,664**

(1) The pro forma 2011 financial statements were not audited.

NOTE 9 CAPITAL AND RESERVES

Capital structure

329,086,712 shares with a par value of €5.125.

STATEMENT OF MOVEMENTS IN RESERVES AND CHANGES IN CAPITAL AND RESERVES

(in thousands of euros)	31.12.2011	Allocation of profits 2011	Other changes of fiscal year	Earnings from fiscal year	31.12.2012
Share capital	**1,686,569**				**1,686,569**
Issue premiums	62,530				62,530
Merger premiums	38,806				38,806
Contribution premiums	2,147				2,147
Sub-total: Additional paid-in capital	**103,483**				**103,483**
Regulatory reserves					
Capitalisation reserve	127,484		(4,876)		122,608
Other reserves	47,376				47,376
Sub-total: Other reserves	**174,860**		**(4,876)**		**169,984**
Retained earnings	**1,641,630**	**(235,698)**	**(11,162)**		**1,394,770**
Net income for fiscal year	**(235,698)**	**235,698**		**(696,606)**	**(696,606)**
TOTAL SHAREHOLDERS' EQUITY	**3,370,844**		**(16,038)**	**(696,606)**	**2,658,200**

NOTE 10 SUBORDINATED DEBT

The item "subordinated debt", which amounted to €2,238.4 million, is itemised as follows:

- a fixed-rate bond issuance of €500 million written in July 2005 by Groupama SA in the form of indefinite-term subordinated bonds at an issue price of 99.089%, *i.e.*, a collected amount of €495.4 million. This bond issuance comes with the possibility of total early redemption starting from the tenth year, on 2012, a redemption of €7 million was carried out;
- super-subordinated perpetual bonds written by Groupama SA on 22 October 2007 for €1,000 million. This indefinite-term debt written at the fixed rate of 6.298% for the first ten years, then at the variable rate of 3-month Euribor plus a margin of 2.60%, may be redeemed early in full as at 22 October 2017;
- a bond issued on 16 October 2009 in the form of 30-year subordinated redeemable bonds (TSR) subscribed by Société Générale for an amount of €750 million at a fixed rate of 7.875% revisable in October 2019.

On an extraordinary basis, Groupama SA suspended the payment of the coupon on indefinite-term super-subordinated bonds (TSSDI) at maturity on 22 October 2017, in accordance with the option provided for in the bond's prospectus.

This suspension of coupon is the first since the security's issue in 2007 and does not constitute a precedent in the management of Groupama SA debts. Provisions for the accrued coupons on all subordinated bonds as at 31 December 2012 have thus been recorded in the financial statements.

The coupons of other lines of debts issued by Groupama SA have been honoured.

NOTE 11 TECHNICAL RESERVES OF NON-LIFE INSURANCE

Note 11.1 - Breakdown of gross technical reserves

(in thousands of euros)	31.12.2012				31.12.2011				*Pro forma* 31.12.2011 (1)			
	Direct business (2)	Inward reinsurance from the regional mutuals	Others accep-tances	Total	Direct business (2)	Inward reinsurance from the regional mutuals	Others accep-tances	Total	Direct business (2)	Inward reinsurance from the mutuals regional	Others accep-tances	Total
Reserves for unearned contributions	10,567	168,172	27,300	206,039	1,035	161,890	12,291	175,215	24,336	161,890	39,131	225,357
Reserves for claims	461,486	2,654,294	475,264	3,591,044	113,744	2,471,297	311,678	2,896,719	447,570	2,471,297	394,854	3,313,721
Reserves for profit-sharing	1,717			1,717	490	0	0	490	1,530			1,530
Equalisation reserves (including stability fund)	127,307	6,843	4,011	138,161	3,276	5,564	4,017	12,857	127,711	5,564	4,017	137,292
Other technical reserves	138,674	3,247	217,626	359,547	96,705	206,213	5,645	308,563	160,914	206,213	5,683	372,810
TOTAL	**739,751**	**2,832,556**	**724,201**	**4,296,508**	**215,248**	**2,844,964**	**333,631**	**3,393,844**	**762,061**	**2,844,964**	**443,685**	**4,050,710**

(1) The pro forma 2011 financial statements were not audited.
(2) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.

Equalisation reserve

Pursuant to Article R. 331-6-6 of the French Insurance Code, an insurance company may establish so-called equalisation reserves to cover extraordinary expenses relating to operations to guarantee risks due to natural factors, nuclear risk, risks of civil liability due to pollution, space risks, as well as risks relating to attacks, terrorism and air transport. These reserves are funded voluntarily. The French Insurance Code defines the calculation methods but does not stipulate the methods for writing back these reserves.

It was thus decided in the financial statements as at 31 December 2012 to not establish equalisation reserves for attacks.

The change in “equalisation reserves” including the stability funds comes from the contribution of the non-disposed portfolio of Gan Eurocourtage for €113 million on the GSC contract and €6.3 million for the unemployment coverage of borrower contracts.

Note 11.2 - Change over the past five years in claims regulations applied since its inception, and reserves for claims pending settlement

Change in accrued premiums and claims

The data presented below correspond to changes in the following portfolios:

- inward reinsurance from regional mutuals;
- direct business;
- other inward reinsurance.

(in thousands of euros)	Fiscal years 2007 and earlier	2008	2009	2010	2011	2012
Estimate of the claims expense:						
At end of N	13,266,993	1,197,465	1,540,902	1,513,352	1,376,443	1,596,886
At end of N+1	13,163,723	1,191,376	1,503,255	1,513,438	1,439,919	
At end of N+2	13,134,909	1,172,941	1,476,189	1,490,366		
At end of N+3	13,110,231	1,160,205	1,472,837			
At end of N+4	13,163,455	1,160,736				
At end of N+5	13,173,943					
Claims expense (a)	**13,173,943**	**1,160,736**	**1,472,837**	**1,490,366**	**1,439,919**	**1,596,886**
Cumulative claims payments (b)	**11,838,662**	**1,001,356**	**1,298,249**	**1,248,949**	**1,078,510**	**730,603**
Reserves for claims to be paid (a)-(b)=(c) (net of the retained share of the CDA)	**1,335,280**	**159,380**	**174,588**	**241,417**	**361,409**	**866,283**
Earned premiums	**13,642,870**	**1,806,510**	**1,963,090**	**2,056,296**	**2,125,068**	**2,229,660**
CLAIMS AND RESERVES/EARNED PREMIUM	**96.56%**	**64.25%**	**75.03%**	**72.48%**	**67.76%**	**71.62%**

This analysis does not incorporate the portfolio of businesses contributed as part of the merger/takeover of Gan Eurocourtage.

Note 11.3 - Change in opening claims reserves

Liquidation of claims reserves gross of reinsurance

(in thousands of euros)	2012	2011
Opening claims reserves net of expected recoveries	3,271,832	2,898,340
Payments made during the year for previous years net of expected recoveries	(758,923)	(672,399)
Year-end net claims reserves net of expected recoveries	(2,619,931)	(2,180,459)
SURPLUS/DEFICIT	**(107,023)**	**45,483**

The deficit recognised in 2012 on opening claims reserves is offset by write-backs of other technical reserves, particularly on the contributed portfolio of the merger/takeover of Gan Eurocourtage, and by increases of €57 million following the publication of drought natural disaster decrees for 2011.

NOTE 12 CONTINGENT LIABILITIES

(in thousands of euros)	Total reserves 31.12.2011	*Pro forma* 31.12.2011 [1]	Increase in reserves during the fiscal year	Write-backs for the year	Total reserves 31.12.2012
Regulatory reserves	31,347	31,835	7,802	675	38,475
Reserves for pensions and similar obligations	40,896	42,386	26,531	8,199	59,228
Tax reserves					
Other risk reserves	30,988	32,882	83,193	13,966	100,215
Other expense reserves					
TOTAL	**103,232**	**107,103**	**117,527**	**22,840**	**197,918**

(1) The pro forma 2011 financial statements were not audited.

The "contingent liabilities" item included in liabilities of the balance sheet as at 31 December 2012 for €198 million particularly includes a reserve related to pension commitments for employees and former employees of absorbed subsidiaries (SMDA), a reserve for the pension fund closed since 1997 of UK taken over by Groupama SA following the disposal of the subsidiary Groupama Insurance and a contingent liabilities reserve pertaining to an international subsidiary.

However, a significant portion of the IFC commitments is outsourced to Groupama Gan Vie, which does not generate any recognition of provision for pension or off-balance sheet commitment.

NOTE 13 LIABILITIES

	31.12.2012				31.12.2011				*Pro forma* 31.12.2011 [(1)]			
	Maturity				Maturity				Maturity			
(in thousands of euros)	< 1 year	1-5 years	+5 years	Total	< 1 year	1-5 years	+5 years	Total	< 1 year	1-5 years	+5 years	Total
Other debts												
Debts arising from direct insurance operations	**3,231**	**9,675**		**12,906**	**589**	**9,446**		**10,035**	**4,023**	**9,446**		**13,470**
Policyholders	2,681			2,681	499			499				
Insurance intermediaries												
Co-insurers	550	9,675		10,225	90	9,446		9,536				
Debts relating to reinsurance transactions	**265,909**	**4,690**		**270,599**	**129,430**	**4,594**		**134,024**	**146,683**	**4,594**		**151,277**
Reinsurers	209,634	1,955		211,589	107,378	2,816		110,194				
Ceding entities	56,275	2,735		59,010	22,052	1,778		23,830				
Bonds (including convertible bonds)		**400,936**		**400,936**		**397,345**		**397,345**		**397,345**		**397,345**
Debt to credit institutions	**144,410**	**650,669**		**795,079**	**228,739**	**800,000**		**1,028,739**	**228,739**	**800,000**		**1,028,739**
Other liabilities	**983,761**		**5,325**	**989,086**	**1,451,171**	**172**	**6,952**	**1,458,295**	**1,474,145**	**432**	**6,952**	**1,481,529**
Other loans, deposits and guarantees received	686,684			686,684	1,137,601	172		1,137,773	1,142,303	432		1,142,736
Personnel	34,445		5,325	39,770	40,813		6,952	47,765	43,689		6,952	50,641
Government, Social Security, Social Security organisations and public authorities	99,310			99,310	111,693			111,693	119,729			119,729
Other creditors	163,322			163,322	161,064			161,064	168,424			168,424
TOTAL	**1,397,311**	**1,065,970**	**5,325**	**2,468,606**	**1,809,929**	**1,211,557**	**6,952**	**3,028,438**	**1,853,590**	**1,211,818**	**6,952**	**3,072,360**

(1) The pro forma 2011 financial statements were not audited.

The decrease in the "Other loans, deposits and guarantees received" item is primarily due to the repayment of several loans taken with Groupama Gan Vie for a total of €625 million.

The decrease in the "debts to credit establishments" item is primarily due to the repayment of €800 million and the subscription of €650 million on the line of credit underwritten through a bank pool since 2004 totalling €1 billion. This line of credit matures in February 2016.

Pursuant to provisions of D441-4 of the French Commercial Code, all outstanding debt to outside suppliers has a maturity of less than six months.

NOTE 14 ACCRUALS – LIABILITIES

(in thousands of euros)	31.12.2012	31.12.2011	*Pro forma* 31.12.2011 (1)
Deferred amortisation on reimbursement price	1,822	254	5,695
Other accruals	(1,897)	6,467	9,496
TOTAL ACCRUED LIABILITIES	**(75)**	**6,721**	**15,191**

(1) The pro forma 2011 financial statements were not audited.

NOTE 15 ASSETS AND LIABILITIES RELATED TO AFFILIATED COMPANIES AND EQUITY-LINKED COMPANIES

Cash and receivables

(in thousands of euros)	31.12.2012 Affiliated companies	Equity-linked companies	Other companies	Total	31.12.2011 Affiliated related	Equity-linked companies	Others	Total companies
A) Asset								
Intangible assets	**15,132**		**1,326**	**16,458**	**18,139**		**3,466**	**21,605**
Investments								
Real estate	315,975	61	172,537	488,573	479,506	61	313,343	792,910
Shares & other variable-income securities	6,606,288	470,612	932,173	8,009,073	7,348,304	801,864	692,391	8,842,559
Oblig. bonds tcn & other fixed-income securities	11,175		224,957	236,132	11,175		38,113	49,288
Loans	773,335	1,400		774,735	936,303	1,925		938,228
Deposits with other credit institutions								
Other investments	95,707		26,725	122,432	185		29,846	30,031
Receivable cash at ceding entities	6,725		30,351	37,076	4,752		5,038	9,790
Reinsurer share of technical reserves								
Unearned premiums (Non-life)			13,578	13,578	7		7,394	7,401
Prov. Claims reserves (Non-life)	302,101		628,347	930,448	423,607		45,318	468,925
Share of earnings and dividends (Non-life)	416			416	466			466
Equalisation reserves	3,203			3,203	2,933			2,933
Other tech. reserves (Non-life)	17,048		118,831	135,879	12,537		112,491	125,028
Receivables from direct insurance transactions								
Of which policyholders	(2,187)		19,144	16,957	(2,173)		5,740	3,567
Receivables from reinsurance transactions			48,176	48,176			139	139
Of which other third parties			12,761	12,761			10,566	10,566
Receivables from reinsurance transactions	**214,026**		**202,274**	**416,300**	**263,290**		**113,343**	**376,633**
Personnel			**4,019**	**4,019**			**12,681**	**12,681**
Government, social security and local authorities			**5,460**	**5,460**			**1,562**	**1,562**
Miscellaneous debtors	**186,912**	**31**	**22,192**	**209,135**	**181,007**		**7,438**	**188,445**
Tangible operating assets			**10,600**	**10,600**			**15,668**	**15,668**
Cash and equivalents	**374,806**		**62,814**	**437,620**	**300,436**		**3,687**	**304,123**
Inter. and lease payments written and not due	**10,412**	**6**	**3,485**	**13,903**	**4,788**	**10**	**543**	**5,341**
Deferred acquisition costs	**7,503**		**54**	**7,557**	**7,506**		**68**	**7,574**
Other accruals – assets			**1,534**	**1,534**			**4,732**	**4,732**
Unrealised foreign exchange adjustments							**13,683**	**13,683**
TOTAL	**8,938,577**	**472,110**	**2,541,338**	**11,952,025**	**9,992,768**	**803,860**	**1,437,250**	**12,233,878**

Liabilities and commitments

	31.12.2012				31.12.2011			
(in thousands of euros)	Affiliated companies	Equity-linked companies	Others	Total	Affiliated companies	Equity-linked companies	Others	Total
B) Liabilities								
Shareholders' equity	**2,656,308**		**1,892**	**2,658,200**	**3,368,484**		**2,360**	**3,370,844**
Registered capital	1,685,388		1,181	1,686,569	1,685,388		1,181	1,686,569
Other shareholders' equity	970,920		711	971,631	1,683,096		1,179	1,684,275
Subordinated debt			**2,238,445**	**2,238,445**			**2,245,445**	**2,245,445**
Gross technical reserves								
Unearned premiums (Non-life)	181,331		24,708	206,039	174,063		1,153	175,216
Claims reserves (non-life)	2,957,441		633,602	3,591,043	2,742,148		154,571	2,896,719
Share of earnings and dividends (Non-life)			1,717	1,717			490	490
Equalisation reserves	215		137,946	138,161	5,998		6,859	12,857
Other tech. res. (Non-life)	241,178		118,370	359,548	290,864		17,699	308,563
Contingent liabilities	**92,425**	**6,123**	**99,370**	**197,918**	**57,700**	**2,398**	**43,133**	**103,231**
Debts for cessionn. cash			**92,423**	**92,423**			**85,354**	**85,354**
Debts from direct insurance transactions								
Owed to policyholders			2,681	2,681			499	499
Owed to insurance intermediaries								
Owed to other third parties			10,225	10,225			9,536	9,536
Debts from reinsurance transactions	**45,163**		**225,436**	**270,599**	**41,459**		**92,565**	**134,024**
Bond debt	**400,936**			**400,936**	**397,345**			**397,345**
Debts to credit establishments	**142,760**		**652,319**	**795,079**	**220,353**		**808,386**	**1,028,739**
Other debts								
Other loans, deposits, and guarantees received	**653,569**	**33,115**		**686,684**	**1,103,942**		**33,831**	**1,137,773**
Personnel			**39,770**	**39,770**			**47,765**	**47,765**
Government, social security and local authorities			**99,310**	**99,310**			**111,693**	**111,693**
Miscellaneous creditors	**87,865**		**75,457**	**163,322**	**62,270**		**98,794**	**161,064**
Accruals – liabilities			**(75)**	**(75)**			**6,721**	**6,721**
Unrealised foreign exchange adjustments								
TOTAL	**7,459,222**	**39,238**	**4,453,565**	**11,952,025**	**8,464,626**	**2,398**	**3,766,854**	**12,233,878**

NOTE 16 COMMITMENTS RECEIVED AND GIVEN

(in thousands of euros)	Total commitment to Managers	Total commitment to affiliated companies	Total commitments to equity-linked companies	Other sources	Total 31.12.2012	Total 31.12.2011
1. Commitments received		**522,906**	**3,518**	**400,000**	**926,424**	**804,911**
2. Commitments given						
2a. Endorsements, securities and guarantees received, credit given		762	1,048	364,938	366,748	88,422
2b. Stock and assets acquired through sale commitment						
2c. Other commitments on securities, assets or income		7,669		44,687	52,356	31,828
2d. Other commitments given		18,880		42,715	61,595	44,895
Total 2. Commitments given		**27,311**	**1,048**	**452,340**	**480,699**	**165,145**
3. Securities received under pledge from outward reinsurers and retrocessionaires		**51,919**		**141,238**	**193,157**	**182,408**
4. Sureties given by reinsured entities with joint and several guarantee				**34,448**	**34,448**	**32,394**
5. Securities belonging to mutuals						
6. Other securities held on behalf of third parties				**72,107**	**72,107**	
7. Long-term financial instruments outstanding						**9,275**

Commitments received

The €926.4 million of commitments received correspond mainly to:

- a contractual commitment given in mid-December 2004 in connection with the opening of a credit line of €350 million. This line of credit runs until February 2016;
- the guarantee of the €50 million debt received in connection with the acquisition of shares of Nuova Tirrena S.p.a.;
- commitments related to acquisitions of foreign subsidiaries (Phoenix Metrolife, BT Asigurari, Asiban and the insurance subsidiaries of OTP Bank) by Groupama International for a total of €368 million;
- a commitment related to the contribution of Holdco securities to Groupama Gan Vie for €152 million;
- various other commitments received for €6.4 million concerning affiliated companies or equity-linked companies.

Commitments given

The €480.7 million of commitments given by Groupama SA correspond mainly to:

- commitments granted as real estate lease-loans totalling €7.5 million as a guarantee of the commitments of SCI Raspail;
- a total of €17.1 million of guarantees on liabilities granted along with the sale of Western Continental company shares;
- commitments on unlisted funds €44.7 million;
- the general liability guarantee of €58.3 million in connection with the sale of Minster Insurance Company Limited by Gan UK Holding Limited to BSG Insurance Holding Limited;
- a total of €80.9 million of guarantees on liabilities granted along with the sale of Groupama Seguros;
- guarantees granted as part of the sale of Groupama Insurance for €142.2 million;
- guarantees granted as part of the sale of Gan Eurocourtage's Brokerage portfolio for €50 million and Transport portfolio for €6.4 million;
- a loan agreement to GUK Brokerage Services for €42.7 million;
- guarantees granted as part of the sale of the portfolio of the branch in Poland, Proama, for €1.3 million;
- various other commitments given for €12.2 million, including €11.1 million concerning affiliated companies or equity-linked companies.

Sureties received as collateral from outward reinsurance and retrocessionaires

The amount corresponds to securities received under pledge from outward reinsurers for €193.1 million.

Sureties given by reinsured entities with joint and several guarantee

The amount corresponds to securities received from the Antilles Guyane regional mutual which represent a direct substitution of Groupama SA for this mutual with respect to the representation of its technical reserves of €32.4 million held in custody.

Long-term financial instruments outstanding

There are no long-term financial instruments outstanding at Groupama SA as at 31 December 2012.

Other unquantified and unlimited commitments received and given

Before or during the year, Groupama SA also granted or obtained unquantified or unlimited commitments involving notably:

- the guarantee given to Societe d'Assurances de Consolidation des Retraites de l'Assurance (SACRA) to cover contractual obligations made by Groupama Asset Management to S.A.C.R.A. starting at the end of 2000;
- the letters of intent written by Groupama SA to the Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI) as part of the creation of Groupama Épargne Salariale and Groupama Banque;
- Groupama SA's assumption of the guarantee given by Groupama Reassurance to Sorema NA (now General Security National Insurance Company) regarding the payment of all obligations stemming from two retrocession contracts underwritten by Rampart (Le Mans Re and MMA portfolios);
- the unconditional guarantees granted by Groupama SA to Gan Assurances, Gan Eurocourtage, Groupama Transport and Groupama Insurance Company Ltd which require it to supply if applicable the financial means necessary to satisfy the payment of claims relating to insurance contracts signed by said companies; these guarantees were designed to improve the debt ratings of these companies and terminated during fiscal year 2002, but rights and obligations under these guarantees remain. Groupama SA is also responsible for commitments of this type given previously by the C.C.A.M.A. to group entities (some of which have been divested) that have since been cancelled but for which certain rights and obligations still exist;
- unlimited technical guarantees, upon the disposal of Gan North America to Sorema North America on 2 August 1999, for the insurance and reinsurance portfolios underwritten by Gan National and Gan North America for 12 years, the benefits of which were transferred to Rampart Company Insurance on 30 July 2001;
- the usual specific and technical guarantees (run off) upon the disposal of The Gan Company of Canada Ltd. to CGU group Canada Ltd.;
- lastly, with respect to the right to training requirement (Droit Individuel a la Formation "DIF") and in compliance with the 4 May 2004 law and the industry-wide agreement of 14 October 2004, the number of cumulative training hours corresponding to time earned under the DIF came to 139,728 hours. In 2012, 144 training actions under the DIF were conducted by employees of Groupama SA, for a total of 1,524 hours.

NOTE 17 TECHNICAL INCOME STATEMENT BY SOURCE

(in thousands of euros)	31.12.2012			31.12.2011			*Pro forma* 31.12.2011 (1)		
	Direct Business (2)	Inward reinsu-rance	Total	Direct Business (2)	Inward reinsu-rance	Total	Direct Business (2)	Inward reinsu-rance	Total
Earned premiums	139,030	2,249,787	2,388,817	51,574	2,128,225	2,179,799	200,603	2,174,357	2,374,960
Claims expense	152,832	1,620,495	1,773,327	60,378	1,348,639	1,409,017	178,058	1,370,810	1,548,868
Charges from other technical reserves	16,371	(8,927)	7,444	24,827	59,343	84,170	33,985	59,343	93,328
Change in provision for equalisation	(159)	(1,273)	(1,432)	316	4,538	4,854	10,234	7,929	18,163
Profit-sharing	(799)	0	(799)	(72)		(72)	(72)	0	(72)
A- Underwriting result	**1,611**	**619,092**	**620,703**	**16,267**	**843,467**	**859,734**	**66,691**	**870,819**	**937,510**
Acquisition costs	15,345	277,015	292,360	5,828	263,788	269,616	26,810	263,789	290,600
Administration costs	3,910	206,466	210,376	7,786	194,995	202,781	23,375	203,889	227,264
Other technical costs and income	1,650	150,173	151,823	421	210,723	211,144	1,160	210,723	211,883
B- Net acquisition and management costs	**20,905**	**633,654**	**654,559**	**14,035**	**669,506**	**683,541**	**51,346**	**678,401**	**729,747**
C- Allocated investment income	**(24,085)**	**(280,283)**	**(304,368)**	**(2,285)**	**(83,127)**	**(85,412)**	**6,912**	**(82,237)**	**(75,325)**
D- Reinsurance result	**8,498**	**164,713**	**173,211**	**6,297**	**259,063**	**265,360**	**22,228**	**270,764**	**292,992**
OPERATING PROFIT/ LOSS (A-B+C-D)	**(51,877)**	**(459,558)**	**(511,435)**	**(6,350)**	**(168,229)**	**(174,579)**	**30**	**(160,584)**	**(160,554)**

(1) The pro forma 2011 financial statements were not audited.
(2) Including CDA Antilles Guyane.

NOTE 18 INVESTMENT INCOME AND EXPENSES

Type of income *(in thousands of euros)*	31.12.2012 Affiliated companies	Equity-linked companies	Other sources	Total	31.12.2011 Affiliated companies	Equity-linked companies	Other sources	Total
Investment income								
Investment income	140,165	23,872	21,864	185,901	429,438	18,473	16,273	464,184
Investment income	84,452	23,872		108,324	384,143	18,473		402,616
Income from real estate investments	54,804		819	55,623	45,295		2,492	47,787
Other investment income	909		21,045	21,954			13,781	13,781
Other financial income								
Other investment income	147,621	45,115	1,974	194,710	10,811	59,035	876	70,722
Profits on the sale of investments	257,042	275	170,898	428,215	71,686	2,922	348,450	423,058
Total investment income	**544,828**	**69,262**	**194,736**	**808,826**	**511,935**	**80,430**	**365,599**	**957,964**
Investment expenses								
Expenses of internal and external management	38,013		123,924	161,937	40,233	4,726	159,258	204,217
of investments and financial expenses								
Other investment expenses	422,963	45,547	12,141	480,651	485,814	150,995	34,780	671,589
Losses on sale of investments	445,339	115,291	184,143	744,773	89,089	151,350	30,855	271,294
Total investment expenses	**906,315**	**160,838**	**320,208**	**1,387,361**	**615,136**	**307,071**	**224,893**	**1,147,100**
NET INVESTMENT INCOME	**(361,487)**	**(91,576)**	**(125,472)**	**(578,535)**	**(103,201)**	**(226,641)**	**140,706**	**(189,136)**

The decrease in “Investment income” comes from the non-distribution of dividends in 2012 by several group companies.

“Other investment expenses” and “Other income” items include net contributions to reserves for long-term impairment, which amounted to €283.2 million as at 31 December 2012 *versus* a net contribution of €603.7 million in 2011 (see detail in Note 5.2).

The “Losses on sale of investments” item particularly includes capital losses realised on the sales of Groupama Insurance, Groupama Seguros, as well as on Société Générale securities (see detail in Note 5.2).

NOTE 19 OTHER NON-TECHNICAL INCOME AND EXPENSES

Other non-technical expenses totalling €23.2 million consisted primarily of the theoretical tax on the capitalisation reserve for €17.1 million.

Other non-technical income totalled €6.9 million, consisting specifically of accrual of debt accounts no longer required.

NOTE 20 EXTRAORDINARY INCOME

2012 extraordinary income totalling -€23.8 million consisted mainly of prices of disposals of France marine and brokerage portfolios for €179.5 million, the impairment of the merger deficit (Gan Eurocourtage/Groupama SA) for -€68.6 million, a contingent liabilities reserve pertaining to an international subsidiary for -€45.7 million, a reserve on the UK pension fund taken over by Groupama SA during the sale of the subsidiary Groupama Insurance for -€24.7 million, the disposal of the branch in Poland for -€7.3 million, subsidies paid as part of the funding of major programmes for -€7.7 million, as well as miscellaneous expenses for approximately €49.3 million.

NOTE 21 INCOME TAX

Tax charge

(in thousands of euros)	31.12.2012	31.12.2011
Corporate income tax payable	(135,167)	(68,960)
Reserves linked to fiscal consolidation gains in year N	272,860	140,857
Others	(8,451)	653
TOTAL INCOME TAX	**129,242**	**72,550**

Specific nature and make-up of the “Corporate income tax” line

As at 31 December 2012, the “Corporate income tax” line includes a net tax credit of €129.2 million that breaks down as follows:

- tax consolidation income €289.1 million;
- tax consolidation expenses -€24.7 million;
- Group income tax charges -€135.2 million.

The “income tax” item consists of taxable income posted to individual tax income for the year from consolidated subsidiaries totalling €272.9 million.

Since the consolidated groups posted a gain of €227.3 million after allocation of losses, a short-term tax charge of €82.1 million was recorded for fiscal year 2012 as well as a LT tax charge of €53.1 million corresponding to transactions at a rate of 19%.

Tax loss carry-forwards

At 31 December 2012, the consolidated group had €299.2 million in short-term carry-forwards.

Groupama SA tax audit

The Groupama SA tax audit that took place in 2010 for fiscal years 2007 and 2008 is still undergoing appeal. There are provisions for all approved adjustments. However, the challenged adjustments have not been subject to reserves. Groupama SA essentially believes that the reasons behind the adjustments are highly questionable, and it thus has a technical case to make in litigation.

NOTE 22 BREAKDOWN OF EMPLOYEE EXPENSES

(in thousands of euros)	31.12.2012	31.12.2011
Salaries	83,996	77,925
Social Security charges	36,646	36,962
Others	6,430	5,460
TOTAL	**127,072**	**120,347**

These figures correspond to the de facto Groupama SA grouping after allocation to each of its constituents. In 2012, the average rate of expenses of the Group kept by Groupama SA is 65.20%.

NOTE 23 WORKFORCE

Personnel

(in numbers)	31.12.2012	31.12.2011
Senior management	154	176
Executives	1,121	1,212
Non-managerial staff	298	334
TOTAL PERSONNEL	**1,573**	**1,722**

NOTE 24 DIRECTORS' REMUNERATION

2011 compensation allocated to the Groupama SA administrative and executive bodies was respectively €312.7 thousand and €4,608.1 thousand.

All remuneration and benefits paid to Managers are detailed in § 3.3 of this reference document.

NOTE 25 PROPOSED ALLOCATION OF INCOME

It has been decided to allocate the loss for the fiscal year, totalling €696.605 million, to the "retained earnings" balance of €1,394.769 million, which will thus move that account to a credit amount of €698.164 million.

NOTE 26 SUBSIDIARIES AND EQUITY INTERESTS

INFORMATION ABOUT SUBSIDIARIES AND EQUITY INTERESTS (IN THOUSANDS OF EUROS)

Detailed information about equity interests with gross value greater than 1% of the Company's capital subject to publication	Share of Capital held at 31.12.2012	Book value of securities held at 31.12.2012		Premium income for the latest fiscal year	Income (loss) for the latest fiscal year
		Gross	Net		
Subsidiaries (more than 50% owned)					
Insurance companies:					
GAN ASSURANCES	99.99%	671,462	626,482	1,378,389	30,523
GROUPAMA GAN VIE	97.48%	2,631,668	2,631,668	4,182,644	(372,538)
GROUPAMA ASSURANCE CREDIT	99.99%	19,817	19,817	37,449	971
AMALINE ASSURANCES	99.99%	144,055	115,403	49,274	(23,658)
GROUPAMA GARANCIA BIZTOSITO	100.00%	598,433	377,186	299,183	15,626
GROUPAMA ASIGURARI SA	100.00%	585,796	249,712	181,638	(21,645)
GROUPAMA ASSICURAZIONI	100.00%	1,425,276	1,425,276	1,490,708	45,577
GROUPAMA SEGUROS DE VIDA	100.00%	60,540	42,190	47,661	1,074
RAMPART INSURANCE COMPAGNY	100.00%	27,767	0	0	0
GAN OUTRE MER	99.99%	31,636	31,636	109,829	(1,036)
GROUPAMA VIETNAM	100.00%	19,193	14,789		
GROUPAMA PHOENIX	100.00%	272,640	133,446	167,959	16,226
GROUPAMA ZHIVOTZASTRAHOVANE (Bularie V)	100.00%	73,396	16,693	6,749	(139)
GROUPAMA ZIVOTNA POISTOVNA (Slovaquie V)	100.00%	47,791	4,176	0	591
GROUPAMA SIGORTA	69.16%	327,274	244,906	351,069	(10,555)
GROUPAMA INSURANCE CHINA	50.00%	27,588	27,588	0	563
Other companies:					
GROUPAMA BANQUE	84.00%	318,403	318,403	119,233	8,147
GAN PREVOYANCE	99.99%	49,758	23,728	0	(2,595)
GUK BROKING SERVICES LIMITED	100.00%	529,574	171,193	0	(43,802)
GROUPAMA BOSPHORUS INVESTISSEMENT	100.00%	83,543	71,610	0	(1,229)
Equity interests held between 10 & 50%					
COMPAGNIE FONCIERE PARISIENNE	32.74%	264,751	264,751	37,218	174,165
GROUPAMA EMEKLILIK	37.36%	73,027	25,994	39,832	6,240
GUNES SIGORTA	36.00%	37,898	37,898	0	934
Société Tunisienne d'Assurances et de Réassurances	35.00%	77,569	75,854	0	12,018
LA BANQUE POSTALE ASSURANCES IARD	35.00%	102,003	63,856	0	(21,345)
SOCIETE FORESTIERE GROUPAMA	43.82%	36,069	36,069	2,538	730
GROUPAMA PROTECTION JURIDIQUE	41.91%	20,246	20,246	62,195	8,728

NOTE 27 INFORMATION CONCERNING SUBSIDIARIES AND EQUITY INTERESTS

Overall information on all subsidiaries and equity interests *(in thousands of euros)*	Book value of securities held		Total loans and advances granted	Total guarantees and surety given	Total dividends deposited [(1)]
	Gross	Net			
Subsidiaries					
French	3,902,218	3,799,852	759,972	18,953	9,357
Foreign	4,132,006	2,820,619	45,000	50,311	8,412
Equity interests					
French	436,161	396,918	2,753	0	57,837
Foreign	188,957	140,209	0	0	867

(1) Including SCI results.

NOTE 28 CONSOLIDATION

Groupama SA prepares:

- consolidated financial statements incorporating all of its subsidiaries;
- combined financial statements incorporating the regional mutuals with which a combination agreement has been signed.

The consolidated and combined financial statements are prepared in accordance with International Financial Reporting Standards and applicable interpretations as approved by the European Union.

6.4 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the annual financial statements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Fiscal year ended 31 December 2012)

PricewaterhouseCoopers Audit 63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	Mazars Tour Exaltis 61, rue Henri Régnault 92400 Courbevoie

To the shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you for the year ended 31 December 2012 on:

- the audit of the accompanying annual financial statements of Groupama SA;
- the justification of our assessments;
- the specific verifications and information required by law.

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

I – OPINION ON THE ANNUAL FINANCIAL STATEMENTS

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

In our opinion, the financial statements give a true and fair view of the assets and liabilities, the financial position of the Company at 31 December 2012 and the results of its operations for the year then ended in accordance with French accounting principles.

II – JUSTIFICATION OF OUR ASSESSMENTS

The persistence of a difficult economic and financial environment continued to make the choice of underlying economic assumptions in the preparation of the accounts of the insurance companies particularly difficult. In particular, the future change in interest rates could significantly differ from the assumed changes and produce different direct and indirect effects. It is in this context that, in accordance with the requirements of Article L. 823.9 of the French Commercial Code (Code de commerce), relating to the justification of our assessments, we bring to your attention the following matters:

- certain technical items specific to insurance and reinsurance, recorded under assets and liabilities in your Company's annual financial statements, are estimated on statistical and actuarial bases, in particular the technical reserves. The methods used to determine these items are described in Note 3.1 to the annual financial statements.

  In particular, we examined the calculation methods and assessed the reasonableness of the assumptions applied, specifically with regard to Groupama SA's regulatory environment and its experience;
- provisions for impairment on the equity portfolio are valued as described in Notes 3.2.2 and 5.2 to the annual financial statements.

We verified that the valuation of the provisions applying to assets subject to Article R. 332-20 of the Insurance Code was consistent with Groupama SA's intent to hold these instruments, and we examined, as needed, the data, assumptions applied, and documentation prepared within that framework.

We examined the analyses performed by the Company of any risks attached to assets subject to Article R. 332-19 of the Insurance Code (fixed-income securities), specifically sovereign debt, and the assumptions applied in their valuation and accounting treatment.

Concerning equity shareholdings, we examined the disclosures made by management on the activity and anticipated future prospects, as well as the criteria and assumptions applied to determine their profitability and the resulting provisions.

We also verified the appropriateness of the disclosures made in the corresponding attached notes, and specifically Note 5.

These assessments were made as part of our audit of the annual financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – SPECIFIC VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favour, we have verified their consistency with the annual financial statements, or with the underlying information used to prepare these annual financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Courbevoie, 27 February 2013

The statutory auditors

PricewaterhouseCoopers Audit
Éric Dupont Christine Billy

Mazars
Jean-Claude Pauly Maxime Simoen

7

LEGAL INFORMATION

7.1 COMPANY INFORMATION

7.1.1 IDENTIFICATION

The Company was founded on 11 December 1987 for a period of 99 years, *i.e.*, until 11 December 2086.

It is registered with the Paris Trade and Corporate Registry under number 343 115 135.

7.1.2 CURRENT STATUTORY PROVISIONS

Note that the Company's bylaws do not provide for stricter conditions than the law for the modification of shareholder rights, which can therefore only take place under legal conditions.

7.1.2.1 Form (Article 1)

The Company, which under French law is a *société anonyme*, is governed by current and future legislative and regulatory provisions and by these bylaws.

7.1.2.2 Purpose (Article 2)

The Company has the purpose below:

- activities involving insurance and co-insurance against risks of any kind, excluding life insurance and capitalisation;
- reinsurance of agricultural regional or *départemental* reinsurance mutuals (hereinafter referred to by the term "mutual"), pursuant to Article R. 322-120, No. 4 of the Insurance Code;
- the substitution of reinsured mutuals exempt from administrative approval, for the establishment of guarantees provided for by insurance regulation and the execution of insurance commitments assumed by such mutuals, pursuant to Article R. 322-132 of the Insurance Code;
- the reinsurance of all insurance or reinsurance companies, of any corporate form, headquartered in France or abroad;
- engaging in any activities involving cession, retrocession or compensation of the risks it insures or reinsures;
- the holding of interests in France and abroad, specifically in insurance, reinsurance, banking, financial services and related activities;

and, more generally, any financial, commercial, manufacturing, civil, real-estate or property-related transactions that might relate directly or indirectly to its corporate purpose and any similar or related purposes.

7.1.2.3 Corporate name (Article 3)

The Company's name is the following: Groupama SA.

7.1.2.4 Corporate registered offices (Article 4)

Its registered offices are at 8-10, rue d'Astorg – 75008, Paris, France.

It may be relocated to any other place within the same *département* or to a neighbouring *département* by decision of the Board of Directors, provided such decision is approved by the next Ordinary General Meeting.

7.1.2.5 Duration (Article 5)

The Company's duration is 99 years as of the date of its registration with the Trade and Corporate Registry, except in the case of accelerated dissolution or extension.

7.1.2.6 Contributions (Article 6)

Contributions to the Company may be made in cash or in kind.

a) Upon the Company's founding, shareholders contributed, in cash, a total of two hundred fifty thousand (250,000) francs, corresponding to the par value of the 2,500 shares of one hundred (100) francs each, which were completely subscribed and paid in upon subscription.

b) On 23 November 1990, the Extraordinary General Meeting resolved to increase the par value of the Company's shares to 1,000 francs.

   The same meeting resolved to increase the Company's share capital from two hundred and fifty thousand (250,000) francs to three billion, five hundred and forty-seven million (3,547,000,000) francs.

c) On 14 December 1993, the Extraordinary General Meeting resolved to increase the Company's capital to four billion, five hundred and sixty-five million (4,565,000,000) francs.

d) By authorisation of the Extraordinary General Meeting of 14 February 1995, the Board of Directors, at its meeting of 14 February 1995, resolved to increase the Company's share capital from four billion, five hundred and sixty-five million (4,565,000,000) francs to five billion, two hundred forty-five million and three hundred thousand (5,245,300,000) francs, through the issue of six hundred eighty thousand, three hundred (680,300) cash shares.

e) The Extraordinary General Meeting of 28 June 1996 resolved to increase the Company's share capital from five billion, two hundred forty-five million and three hundred thousand (5,245,300,000) francs to five billion, three hundred and twenty-seven million, six hundred and four thousand (5,327,604,000) francs, through the issue of eighty-two thousand, three hundred and four (82,304) shares issued at the price of 1,215 francs, *i.e.*, with an issue premium of 215 francs per share.

f) Pursuant to an authorisation of the Extraordinary General Meeting of 16 April 1998 and a decision of the Board of Directors dated 9 July 1998, the Company's capital was increased from five billion, three hundred and twenty-seven million, six hundred and four thousand (5,327,604,000) francs, to sixteen billion, five hundred and eighty-five million, six hundred and sixteen thousand (16,585,616,000) francs, through the issue of eleven million, two hundred and fifty-eight thousand and twelve (11,258,012) cash shares.

g) The Extraordinary General Meeting of 24 July 2000 resolved to reduce its capital by 8,624,520,320 francs by reducing the par value of each share, from 1,000 francs to 480 francs.

h) The Extraordinary General Meeting of 12 September 2000 resolved to divide the par value of the shares by three, thus reducing the par value of each share from 480 francs to 160 francs.

i) With the General Meeting deliberating on an extraordinary basis on 29 June 2001, it was resolved to convert the Company's share capital to euros by converting the par value of the shares in accordance with the official conversion rate. It was resolved to round the par value of each share up from €24.3918427579 to €24.5. Consequently, the Company's share capital was increased by €5,381,563.46 from €1,213,661,212.54 to €1,219,042,776.

j) With the merger-takeover of Groupama Finance, pursuant to Article L. 236-11 of the French Commercial Code dated 28 June 2002, the assets of that Company were transferred. The net value transferred, €119,155,061, was not subject to compensation.

k) The Extraordinary General Meeting of 28 June 2002 resolved to increase the share capital by a total of €12,699,060.50, from €1,219,042,776 to €1,231,741,836.50, following the merger-takeover of Groupama Réassurance.

l) On 28 June 2002, the share capital was increased by a total of €8,035,485.50, from €1,231,741,836.50 to €1,239,777,322 following the merger-takeover of Gan SA.

m) With the merger-takeover of Groupama Assurances et Services, pursuant to Article L. 236-11 of the French Commercial Code dated 25 June 2003, the Company's assets were transferred. The net value transferred, €278,092,450, was not subject to compensation.

n) The Extraordinary General Meeting of 18 December 2003 successively resolved to:

- reduce the share capital by €1,239,271,290.44, from €1,239,777,322 to €506,031.56, by reducing the par value of the shares from €24.50 to €0.01, to clear a portion of the losses carried forward;
- increase the share capital by €72,755.36, from €506,031.56 to €578,786.92, by creating 7.275.536 shares of €0.01, following the transfer by the CCAMA of all items relating to the operation of its activity involving reinsurance of the regional mutuals and administration of the Group's Equity Management Division; the proceeds of the transfer and the correlating capital increase were confirmed by the Board of Directors, which met the same day after the meeting;
- increase the share capital by €1,185,934,399.08, from €578,786.92 to €1,186,513,186, by increasing the par value of the shares by €20.49 to a total of €20.50, through the incorporation of a total of €297,429,134.92 to be withdrawn from the "Other reserves" account, and a total of €888,505,264.16 from the "Issue, merger, and transfer premiums" account.

o) With the merger-takeover of Groupama International, pursuant to Article L. 236-11 of the French Commercial Code, the assets of that Company were transferred. The net value transferred, €1,200,002,263.81, was not subject to compensation.

p) Pursuant to an authorisation of the Extraordinary General Meeting of 25 May 2011 and a decision of the Board of Directors dated 25 November 2011, the Company's capital was increased from €1,186,513,186 to €1,686,569,399, through the issuance of 97,571,944 cash shares.

7.1.2.7 Share capital (Article 7)

The share capital is set at a total of €1,686,569,399. It is divided among 329,086,712 shares of €5.125 each, fully paid-in and all of the same category.

7.1.2.8 Change in the share capital (Article 8)

The share capital may be increased, reduced, or amortised in accordance with current laws and regulations.

7.1.2.9 Form of the shares (Article 9)

The shares are registered.

Share ownership corresponds to their registration in the name of the holder or holders in the accounts maintained for this purpose by the Company under the conditions and in accordance with the methods prescribed by law.

At the shareholders' request, a registration certification will be issued thereto by the Company.

7.1.2.10 Transfer of shares – Approval clause (Article 10)

Shares may only be transferred to third parties and Groupama SA by account-to-account transfer.

The sale to a third party of Groupama SA shares in any way whatsoever is subject to approval by the Board of Directors ruling by a two-thirds majority of members present or represented.

In the event of a sale to a third party, the request for approval indicating the buyer's corporate name or identity, the number of shares envisaged in the sale and the price offered is to be issued by registered letter with return receipt to the Company.

Approval is in the form either of a notification, or the absence of response within three months after the request.

In the event that Groupama SA fails to approve the proposed buyer within three months after the notification of refusal, the Board of Directors is required to acquire the shares either from a shareholder, or from a third party, or, with the consent of the seller, from Groupama SA within the framework of a capital reduction in accordance with Article 8.

Failing an agreement between the parties, the price of the shares is set under the conditions stipulated in Article 1843-4 of the Civil Code. For purposes of the appraisal report, either party may abandon the transaction provided that it informs the other party thereof within fifteen days of the filing of the report from the designated appraiser. Abandonment by the seller shall be construed as abandonment of the planned sale by operation of law.

If the purchase is not completed at the expiry of the three-month period after the notification of refusal, approval of the buyer is considered given, unless the seller has abandoned its plan to sell. However, this period may be extended by legal decision at the request of Groupama SA.

In the event of an acquisition and with a view to settling the transfer of ownership of the shares in favour of the buyer or buyers, the seller will be asked by the Board of Directors to sign the corresponding transfer order within the period that has been set.

In the event that a third party is approved, the sale may occur under the specific pricing conditions indicated in the request for approval and no later than within three months after the date the approval was obtained. Failing that, this approval shall be null and void.

Transfers of shares for the purpose of allowing a Director to carry out his appointment are not covered by these provisions.

7.1.2.11 Rights and obligations corresponding to the shares (Article 11)

In addition to voting rights, each share allows entitlement to a share in the profits and in the proceeds of liquidation of the corporate assets, in proportion to the number of existing shares.

Whenever it is necessary to own several shares to exercise any right whatsoever, individual shares or those in a number lower than that required will give no right to their owners against the Company, as in this case the shareholders will be required to assume personal responsibility for consolidating the necessary number of shares.

7.1.2.12 Board of Directors (Article 12)

(a) Membership of the Board of Directors

The Company is administered by a Board of Directors made up of two categories of Directors:

- Directors appointed by the shareholders' Ordinary General Meeting.

  They are a minimum of nine (9) and a maximum of eighteen (18).

  The Directors are appointed by the shareholders' Ordinary General Meeting for a term of office of six (6) years.

  If a Director is appointed to replace another, he will only exercise his duties during the remaining term of office of his predecessor;
- Directors elected by Company employees.

  The status and methods of election of these Directors are set by Articles L. 225-27 to L. 225-34 of the French Commercial Code, as well as by the bylaws.

  They are two (2) in number, including a representative of the officers.

  In any event, their number may not exceed one third of the number of Directors appointed by the General Meeting.

  They are appointed for four (4) years.

Regardless of their method of appointment, the duties of a Director will end upon completion of the meeting of the Ordinary General Meeting approving the corporate financial statements for the fiscal year just elapsed, held in the year when his term of office expires.

Any outgoing member may be re-elected. The age limit for exercising the duties of Director is set at the seventieth (70th) birthday, with a member of the Board of Directors to be deemed as officially resigning upon completion of the Ordinary General Meeting in the year of his sixty-ninth birthday.

Each Director must own at least one (1) share for the entire duration of his term of office.

(b) Conditions for the election of employee Directors

For each vacant seat on the Board, the method of ballot counting is as provided for in the legal provisions.

In all cases or for any reason whatsoever, [if] the number of seats of elected Directors actually filled falls below two before the normal expiry of these Directors' term of office, the vacant seats will remain vacant until such expiry date and until then, the Board of Directors will continue to meet and carry out valid business.

Elections are held every four (4) years, such that a second round may be held no later than fifteen days before normal expiry of the term of office of the outgoing Directors.

For both the first and the second rounds of balloting, the timeframes to be met for each vote are the following:

- the election date is to be posted at least eight weeks prior to the balloting date;
- the list of voters is to be posted at least six weeks before the balloting date;
- candidates are to file at least five weeks before the balloting date;
- the lists of candidates are to be posted at least four weeks before the balloting date;
- the documents needed for voting by mail are to be posted at least three weeks before the balloting date.

Candidates or lists of candidates may be nominated either by one or more representative union organisations, or by one-twentieth of the voters or, if their number is greater than two thousand, by one hundred voters.

The balloting will be carried out on the same day at the workplace and during business hours. However, the following may vote by mail:

- employees absent on the balloting date;
- employees of a department, office, or assigned to a subsidiary in France without a voting office and who cannot vote in another office.

Each voting office consists of three voter members, chaired by the oldest of them. They are responsible for the successful outcome of the voting activities.

Ballots will be counted in each voting office immediately after the close of balloting; the report will be prepared upon completion of the counting.

The reports are immediately transferred to the registered offices of the Company, where an office will be established to consolidate the results with a view to preparing the summary report and announcing the results.

Directors elected by Company employees will assume office after the meeting of the Board of Directors held after the announcement of the results.

The conditions for balloting not defined by Articles L. 225-27 to L. 225-34 of the French Commercial Code, or by these bylaws, are set by Executive management after consultation with the representative union organisations.

7.1.2.13 Organisation and deliberations of the Board (Article 13)

(a) Chairman of the Board of Directors

The Board of Directors will elect a Board from among its individual members, set his compensation and set his term of office, which may not exceed that of his term as Director.

If the acting Chairman attains the maximum age of 70 set for his term of office as Director, his duties will terminate upon completion of the Ordinary General Meeting held in the year of his sixty-ninth birthday.

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

(b) Vice-Chairman

The Board of Directors may appoint from among its members a Vice-Chairman, whose duties, in the event of the Chairman's impediment, consist of convening and chairing Board meetings, as well as chairing the General Meeting.

(c) Meeting of the Board

The Board of Directors will meet as often as the Company's interest so requires, whenever convened by the Chairman, at the corporate registered offices or any other location indicated by the notice to meet.

In the event of the Chairman's impediment, the Board of Directors may be summoned either by the Vice-Chairman, or by at least one third of its members or, if a Director, by the Company Chief Executive Officer.

Directors may be convened by letter or by any other means. In any event, the Board may at all times carry out valid business if all members are present or represented.

(d) Deliberations of the Board of Directors

Meetings of the Board are chaired by the Chairman of the Board of Directors or by the Vice-Chairman, and failing this, by a Director appointed for this purpose at the start of the meeting.

Each Director may give one of his colleagues power of attorney to represent him, but each Director may only represent one of his colleagues and each power of attorney may only be given for a specific Board meeting. The presence of at least half the members of the Board is, in all cases, necessary for the validity of the deliberations.

The Chief Executive Officer will attend Board meetings.

A representative of the works council will attend Board meetings under the conditions set by current law.

At the initiative of the Chairman of the Board of Directors, the statutory auditors or other parties outside the Company with specific competence relating to items on the agenda may attend all or part of a Board meeting.

Resolutions will be passed by a majority vote of members present or represented. In the event of a tie, the meeting Chairman shall have the casting vote.

The duties of Board Secretary will be performed by a member of the Board appointed by the Chairman.

Under the conditions set by law, the internal regulation may provide that meetings may be held by videoconferencing or by any telecommunications method. In accordance with the legal and regulatory provisions and within the limits so stipulated, Directors who participate in Board meetings by videoconferencing or telecommunications methods are deemed as present for purposes of calculating quorum and majority.

The Chairman of the Board of Directors or, in his absence, the author of the notice to meet, will inform the individuals invited of the methods to be used for the meeting.

Minutes shall be kept and copies or extracts issued and certified in accordance with the law.

7.1.2.14 Authority of the Board of Directors (Article 14)

The Board of Directors sets the Company's business strategy and oversees its implementation. Subject to the powers expressly assigned to the General Meeting and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the Company and settles the matters concerning it through its deliberations.

The following decisions are subject to the prior approval of the Board of Directors:

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

Furthermore, the following decisions must be made by a two-thirds majority of the Board members present or represented:

- termination of the reinsurance agreement at the initiative of Groupama SA;
- vote by secret ballot: sanctions in the event of disagreement on recovery measures to be adopted by a regional mutual following an audit, pursuant to the agreement on security and solidarity plans;
- vote by secret ballot: any decision to resort to solidarity funds pursuant to the agreement on security and solidarity plans;
- termination of the agreement on security and solidarity plans at the initiative of Groupama SA.

The following operations are also subject to approval by the Board of Directors if any of the categories below exceeds a unit amount set by the Board of Directors:

- taking or disposing of any interests in any companies created or to be created, subscribing to any issues of equities, stocks or bonds, excluding the insurance investment business and cash operations;
- acquiring or disposing of any properties, excluding the insurance investment business;
- granting pledges on corporate property;

- taking out any loans, excluding cash operations carried out with companies that have capital ties to the Company, either directly or indirectly.

The Board may resolve to create committees responsible for studying issues that it or its Chairman submit, upon notification, for their examination.

The Board of Directors is authorised to prepare an internal regulation intended to set the rules of functioning for the corporate bodies that are not covered by the bylaws.

7.1.2.15 Compensation paid to the members of the Board of Directors (Article 15)

Board members may receive compensation in the form of Directors' fees, the total amount of which, as set by the General Meeting, is distributed by the Board among the beneficiaries in such proportions as it deems appropriate.

Extraordinary compensation may be allocated to Board members by the Board of Directors, in the cases and under the conditions set by law.

7.1.2.16 Executive management of the Company (Article 16)

The Company's Executive management is assumed by either the Chairman of the Board of Directors, or another individual appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The choice between these two methods of undertaking Executive management is to be made by the Board of Directors under the conditions of Article 13 of the bylaws.

Shareholders and third parties are to be informed of this choice pursuant to current provisions.

The Chief Executive Officer is vested with the broadest powers to act on behalf of the Company under any and all circumstances. He will exercise this authority within the scope of the corporate purpose and subject to such constraints as the law expressly attributes to Shareholders' Meetings and the Board of Directors. He will represent the Company *vis-à-vis* third parties.

The Board of Directors sets the duration of the duties of the Chief Executive Officer, which may not exceed either that of the division between the duties of Chairman and Chief Executive Officer, or that of his term of office as Director. The Board will also set the compensation of the Chief Executive Officer.

Upon the recommendation of the Chief Executive Officer, the Board of Directors can appoint an individual to assist the Chief Executive Officer with the title of Deputy Chief Executive Officer. His authority will be set by the Board of Directors in agreement with the Chief Executive Officer.

The Board of Directors shall also set his compensation.

No one aged 65 or older may be appointed Chief Executive Officer or Deputy Chief Executive Officer. If the Chief Executive Officer or Deputy Chief Executive Officer reaches the age of 65, his (their) duties will terminate upon completion of the next Ordinary General Meeting approving the financial statements for the year just elapsed.

7.1.2.17 Agreements (Article 17)

The provisions of Articles L. 225-38 to L. 225-43 of the French Commercial Code apply to agreements entered into directly or through an intervening party, between the Company and its Chief Executive Officer, one of its Delegated Executive Officers, one of its Directors, one of its shareholders holding a fraction of voting rights greater than the threshold set by current regulation or, in the case of a company shareholder, its controlling company under the terms of Article L. 233-3 of the French Commercial Code.

7.1.2.18 Non-voting Board members (Article 18)

At the proposal of the Board of Directors, the Ordinary General Meeting may appoint non-voting Directors, who may not exceed six in number.

In the event of a vacancy of one or more non-voting Director positions by death or resignation, the Board of Directors may accept provisional nominations, subject to approval by the next Ordinary General Meeting.

Non-voting Board members, who are chosen from among or outside the body of shareholders by virtue of their competence, will form an association.

They are appointed for a period of six years to end upon completion of the meeting approving the financial statements for the year then ended and held within the year during which their terms of office expire.

The Ordinary General Meeting may, under all circumstances, revoke one or more non-voting Board members and undertake to replace them, even if such revocation does not appear on the agenda.

Non-voting Directors are to be invited to meetings of the Board of Directors and take part in the deliberations in an advisory capacity. However their absence shall not prevent valid deliberations being held.

7.1.2.19 Statutory auditors (Article 19)

Control is exercised by one or more acting statutory auditors appointed and exercising their duties in accordance with the law.

7.1.2.20 General Meetings (Article 20)

General Meetings are convened and deliberate under the conditions set by law.

Meetings are held at the corporate registered offices or at any other location defined in the notice convening the meeting.

Any shareholder may attend General Meetings in person or by proxy upon proof of identity and ownership of his shares in the form of registration in his name on the books of the Company, as of the third business day preceding the General Meeting, at midnight Paris time.

Shareholders may only be represented by their spouse or another shareholder.

Corporate shareholders may participate in the meetings through their legal representatives or any other party appointed for that purpose by the latter.

Shareholders may participate in the General Meetings by videoconference or any telecommunications method authorised by current provisions, under the conditions set therein and when the summons so provides.

Meetings are to be chaired by the Chairman of the Board of Directors or, in his absence, the Vice-Chairman or a Director appointed for this purpose by the Chairman of the Board of Directors.

The duties of teller are to be fulfilled by the two members of the meeting present and accepting who have the largest number of votes.

The meeting officers will appoint the secretary, who may be chosen from outside the shareholders.

An attendance sheet will be prepared under the conditions provided for by law.

In all General Meetings, the voting right attached to shares containing a right of usufruct is to be exercised by the usufruct holder.

Copies or extracts of the meeting minutes are to be certified as valid by the Chairman of the Board of Directors, a Vice-Chairman, or the meeting secretary.

7.1.2.21 Deliberation by meetings (Article 21)

Ordinary and Extraordinary General Meetings, ruling under the conditions of quorum and majority stipulated by the provisions respectively governing them, will exercise the powers attributed to them by law.

A voting right double that conferred on shares by the law, with regard to the proportion of share capital they represent, is to be allocated to all fully paid-up shares, for which nominative registration will be justified after at least two years in the name of the same shareholder either of French nationality, or originating from a Member State of the European Union.

7.1.2.22 Share capital (Article 22)

The fiscal year will have a duration of twelve months. It will begin on 1 January and end on 31 December of each year.

7.1.2.23 Allocation of profit (Article 23)

The financial statement summarising revenue and expenses for the year will show, by difference, the profit or loss for the year, after deducting amortisations and provisions.

Distributable earnings are set in accordance with the law.

The General Meeting may withdraw any amounts it deems appropriate from these earnings, to be allocated to any accounts containing reserves, funds carried forward, or funds for distribution.

7.1.2.24 Methods of paying dividends – Interim dividends (Article 24)

The General Meeting is authorised to grant each shareholder, for all or part of the dividend distributed or interim dividends, an option between payment of the dividend or interim dividends in cash or in shares, subject to the legal conditions.

A request for payment of the dividend in shares or interim dividends must be made in accordance with the conditions set by law.

The methods of paying dividends in cash or in shares are set by the General Meeting or, failing this, by the Board of Directors.

The Board of Directors may approve the distribution of an interim dividend, under the conditions set by law.

7.1.2.25 Dissolution – Liquidation (Article 25)

Except in the case of an extension approved by the Extraordinary General Meeting, the Company is dissolved on expiry of the term set by the bylaws. Dissolution may also occur at any time by decision of the Extraordinary General Meeting.

The Meeting governs the method of liquidation and appoints one or more receivers and defines their authority. The receivers shall exercise their duties in accordance with the law.

Except in the case of a merger, split, or consolidation of all shares, the Company's expiry or dissolution, for any reason whatsoever, will result in its liquidation.

7.1.2.26 Disputes (Article 26)

Any disputes that might occur between the Company and shareholders, or between the shareholders themselves regarding corporate affairs, during the lifetime of the Company or upon its liquidation, will be subject to the jurisdiction of the competent courts.

7.1.3 AMENDMENTS TO THE BYLAWS APPROVED BY THE COMBINED GENERAL MEETINGS OF 29 JUNE 2006 AND 28 MAY 2008 BUT VALID SUBJECT TO THE CONDITION PRECEDENT OF THE LISTING FOR TRADING AND THE FIRST TRADE OF THE COMPANY'S SHARES ON THE EUROLIST MARKET OF EURONEXT

The Combined General Meetings of 29 June 2006 and 28 May 2008 adopted amendments to the bylaws, valid subject to the condition precedent of the listing for trading and the first trade of the Company's shares on the Eurolist market of Euronext.

As the result of the abandonment of the planned public offering of the Company's capital, a proposal will be made to the Combined General Meeting of 12 June 2013 to decide that these amendments to the bylaws have become obsolete (see 9th Resolution).

7.1.4 INTERNAL REGULATION

The purpose of the internal regulation is to define or supplement certain regulatory and statutory provisions concerning the functioning of the Board of Directors and to define the rights and obligations of the Directors. Each Director agrees to abide by this internal regulation by accepting his term of office. In the case of any Corporate Directors, this regulation applies to the legal entity as well as individually to its individual representative.

7.1.4.1 Functioning of the Board of Directors

(a) Purpose of the Board of Directors

The Board of Directors, in accordance with the law, sets the guidelines for Groupama SA's business, makes certain they are implemented and oversees the job performed by the management. Subject to the powers expressly assigned to the General Meetings and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the Company and settles matters concerning it through its deliberations. In addition, it performs any audits or controls it deems timely.

The Board is to be assisted by technical committees in performing its tasks.

(b) Committees of the Board of Directors

The Board of Directors' committees have no power themselves, and their responsibilities neither reduce nor limit the powers of the Board. They are responsible for enlightening the Board of Directors in certain areas. In accordance with Article R. 225-29 of the French Commercial Code, the Board of Directors decided to create an Audit and Risk Management Committee, a Compensation and Appointments Committee and an Agreements Committee within it. The duties, membership and functioning of each of these committees are attached to this regulation (Appendices 1 to 3). The Board of Directors is responsible for ensuring the proper operation of the committees. The Board of Directors may also create ad hoc committees charged with studying specific issues as they arise.

(c) Membership of the Board of Directors

The Board of Directors must consist of Directors with the skills, experience, independence of mind and a willingness to become involved in the Company's business. These Directors are appointed to serve the interest of the Company.

The Board's membership must ensure impartiality in its deliberations. In addition to Directors representing the controlling shareholder and Directors elected by corporate employees, the Board will consist of five (5) outside Directors who do not have any direct or indirect relationship with the Company and/or companies of the Group to which the Company belongs (Independent Director).

Status of Independent Director

A Director is considered independent when he maintains no relationship of any kind whatsoever with the Company, its group or its management that might compromise the exercise of his freedom of judgement.

The Board of Directors is required to verify that candidates for positions as Independent Directors meet the required independence criteria. It is to inform the shareholders of the findings of this assessment at the General Meeting called to nominate the Company Directors or to approve appointments made by nominations by the Board of Directors.

Moreover, the Board must also annually verify the individual status of each Director with regard to the status of Independent Director and report its findings in the annual report.

It is assisted in this by the Compensation and Appointments Committee.

(d) Non-voting Board members

Pursuant to Article 18 of the Company bylaws, the General Shareholders' Meeting may appoint one or more non-voting Company Directors, up to a maximum of six.

All obligations of the Directors under this instrument apply to the non-voting Directors, in particular when the obligations result from provisions applicable only to Directors (whether these provisions derive from the law, from decrees or from regulations, specifically those of the *Autorité des Marchés Financiers* (AMF).

(e) Notice convening meetings – holding of Board of Directors' meetings

The Board of Directors will meet at least four times per year when convened by its Chairman or by any party to whom he delegates this task. If the Board has not met for more than two (2) months, at least one third of the Board members may request the Chairman to convene a meeting for a specific agenda. Notices convening meetings shall be made by letter, telegram, telex, fax, e-mail or verbally and may be sent by the Company Secretary. The Chief Executive Officer may also request that the Chairman convene the Board for a specific agenda.

A draft schedule of meetings is to be prepared no later than December for the following year.

Directors may ask the Chairman to invite the Company's principal administrative officers to meetings of the Board of Directors or committee meetings to question them on any issues relating to the exercise of their duties. The Board is to vote on the basis of a majority of members present and represented, on the attendance and hearing of these officers. Minutes of the Board of Directors' or committee meetings will summarise the debates that took place.

(f) Provisions specific to the holding of Board meetings by videoconference or any telecommunications method

Directors who participate in Board meetings by videoconference or a telecommunications method, in accordance with the legal and regulatory provisions and within the established limits, are deemed to be present for purposes of calculating a quorum and majority.

These methods must have technical characteristics that guarantee effective participation in the Board meeting and allow continuous broadcast of its deliberations.

However, participation in Board meetings by videoconference is not possible for adopting the following decisions:

- appointment, compensation and dismissal of the Chairman and Chief Executive Officer;
- preparation of the annual financial statements and management report;
- preparation of the consolidated and combined financial statements and management reports.

(g) Secretarial duties of the Board of Directors

The secretarial duties of the Board of Directors are to be fulfilled by the Corporate Secretary of Groupama SA.

(h) Attendance record and minutes

In accordance with the law and current regulations, an attendance record is to be maintained, which is to be signed by the Directors participating in the Board meetings, indicating the names of the Directors deemed present under the terms of Article L. 225-37 of the French Commercial Code.

The minutes will report the discussions as completely as possible.

Copies or extracts of the minutes of the discussions are to be certified as valid by the Chairman, the Chief Executive Officer, the Director temporarily assigned to the duties of meeting Chairman, the secretary of the Board, or a legal representative authorised for this purpose.

(i) Evaluation of the Board of Directors

In a report attached to the management report, the Chairman will describe the conditions for preparing and organising the Board's tasks, internal control procedures and the limits of its powers, if applicable.

To allow for preparation of this report, at least once per year, during one of its meetings, the Board of Directors will dedicate a point on its agenda to a discussion of its functioning.

7.1.4.2 Rights and obligations of Directors

(a) Submission of the bylaws and internal regulation

Before accepting his duties, a Director must be familiar with the laws and regulations relating to his duties. Upon entering into office, a copy of the Company bylaws and of this internal regulation will be submitted to him. The Board will provide for an updating of the internal regulation to take into consideration any legal and regulatory changes as well as local practice.

(b) Training

If necessary, Directors and members of specialist committees may receive additional training on the specific nature of the Company and its subsidiaries, the Group's operating methods, its core activities and its business lines.

(c) Participation in Board and committee meetings

A Director must dedicate the necessary time and effort to his duties. He must undertake faithfully to attend meetings of the Board and committees of which he is a member and actively participate in their respective work.

If he feels that any decision of the Board of Directors is likely to harm the Company, a Director must undertake to clearly express his opposition and to use every means possible to convince the Board of the relevance of his position.

(d) Loyalty and conflicts of interest

The Director has an obligation of loyalty to the Company. He must not under any circumstances act in his own interest against that of the Company.

The Director undertakes not to seek or accept from the Company or the Group, directly or indirectly, benefits likely to be considered such as would compromise his independence of analysis, judgment and action. He must also reject any direct or indirect pressure, which might be applied on him and which might originate from other Directors, specific groups of shareholders, creditors, suppliers and any third party in general.

To this end, prior to signing, he undertakes to submit to the Board of Directors, as well as to the Agreements Committee, in accordance with the procedure described in Appendix 3, any agreements corresponding to Article L. 225-38 of the French Commercial Code.

Moreover, it is forbidden for a Director to:

- acquire a stake or responsibility in any unlisted Company in which the Company or the Group, directly or indirectly holds a share, in a capacity other than as a group representative;
- acquire a stake or responsibility in any unlisted Company that has a contractual relationship with the Company or the companies of the Group.

He is to ensure that his participation on the Board is not the source of any conflict of interest for him or the Company, both personally and by reason of the professional interests he represents. In the event of a specific conflict of interest relating to a specific dossier, the Director in question will report it in full and in advance to the Board of Directors; he will be required to abstain from participating in Board discussions and decision-making on this point (in this case he is excluded from calculation of the quorum and of the vote).

In the event of any question, Directors may consult the Company Secretary, who will guide them on the application of these principles.

They may also consult a person outside the Group, who will function under the terms of a mandate granted by the Company Secretary and whose name, address and telephone number shall be sent to the Directors by the Company Secretary.

(e) Rights and obligations of Directors with regard to information

The Company Chairman or Chief Executive Officer must send each Director any documents and information necessary for fulfilment of the Board's duties, *i.e.*, making decisions for which it is competent and control of the administration exercised by management.

Preparation for Board meetings

The Chairman or Chief Executive Officer will seek to communicate to the Directors no later than three days prior to any meeting, except in the case of an emergency or extraordinary circumstances, a work dossier including all necessary documents and information, to allow the Directors to participate in Board discussions in a knowledgeable manner and to make a useful contribution to discussion points on the agenda.

In the absence of information or in the event of the communication of information deemed to be incomplete, the Directors will request that the Chairman or Chief Executive Officer provide information they believe indispensable to their participation in the Board of Directors' meetings.

Ongoing information

Outside of Board meetings, the Chairman or Chief Executive Officer are required to communicate to Directors, insofar as they are aware thereof, information and documents needed to perform their duties, insofar as they are not hindered by business secrecy, as Directors have an obligation of confidentiality.

Requests for documents and information from Directors are to be sent to the Company Secretary, who will forward them to the Chief Executive Officer. The list of documents requested by Directors is to be included as an item on the agenda of the next meeting of the Board of Directors; this list is to be included in the minutes of such meeting.

For reasons of confidentiality, the Chairman or Chief Executive Officer may deem it preferable to make the requested documents available to Directors at the Company's registered offices.

If he believes the information request exceeds the responsibilities of the Director or is likely to raise a problem of conflict of interest, the Chairman or Chief Executive Officer, after having so informed the Director in question, may consult the Chairman of the Audit and Risks Committee for his advice, prior to any response.

(f) Personal shares

It is desirable that each Director hold at least one (1) share.

(g) The accumulation of terms of office

Candidates for the offices of Director are required to inform the Board of Directors of positions of Director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board and sole Chief Executive Officer, which they may hold in other companies with registered corporate secretaries in France, to allow the Board of Directors, assisted by the Compensation and Nominations Committee, to verify that the candidates, if elected, meet the accumulation conditions provided for by French law.

Directors are required to inform the Board of their appointment as Director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board and sole Chief Executive Officer in companies with corporate registered offices in France within five days of their nomination.

Within one month after the close of the fiscal year just elapsed, Directors are also required to communicate the list of positions they have occupied during the year just elapsed with a view to preparing the management report.

(h) Duty of secrecy: confidential information

Directors, as well as any party called upon to attend all or part of the meetings of the Board of Directors and committees, are subject to an obligation of discretion as to the progress and content of the discussions. Specifically, Directors must maintain secrecy with regard to information corresponding to the definition of financial information, or other information likely to be of interest to third parties and specifically Company or group competitors, or confidential information and data. They undertake not to use for personal purposes, and not to disclose outside the obligations of their position, any confidential information.

(i) Prevention of risk of insider trading

This paragraph contains the rules of professional ethics intended to prevent the risk of insider trading, with regard to financial transactions made by Directors, which involve listed companies or the securities of listed companies, whenever Directors, in the exercise of their functions, hold or have access to privileged information involving those companies or securities.

Legal and regulatory framework

The applicable legal and regulatory framework comes from the Monetary and Financial Code and the AMF (Autorité des Marchés Financiers) general regulations.

The mechanisms in place are for the most part based on the principle that all privileged information concerning a company or a traded security, which is not known to the public and which may significantly influence the trading price of that security, must be kept strictly confidential and may not be used or communicated to place orders, directly or indirectly, on the stock market, on either one's own behalf or on behalf of others.

Failure to comply with the rules in this matter is punishable by law (prison term or fine).

The AMF general regulations contain similar prohibitions, violation of which will expose the perpetrator to financial penalties that shall not exceed €1.5 million or ten times the amount of any profits, which may be made.

Significant changes to laws and regulations shall be made known to the Directors by a note from the Corporate Secretary.

Definitions

WHO MAY BE CONSIDERED AN "INSIDER"?

Any person who, as part of his functions, has privileged information regarding the outlook or position of a listed company or the securities of a listed company.

WHICH SECURITIES ARE AFFECTED?

Any financial instrument traded on a regulated market: shares or other rights that grant or may grant access, directly or indirectly, to share capital or voting rights, debt securities, mutual fund shares or units, or forward financial instruments.

WHAT IS "PRIVILEGED INFORMATION"?

Specific information that has not been made public, which involves, directly or indirectly, one or more issuers of financial instruments (hereinafter called "listed companies") or one or more financial instruments (hereinafter called "securities") and which, if it were made public, would be likely to have considerable influence on the prices of those securities or the price of the securities tied to them.

Information is considered to be specific if it mentions a set of circumstances or an event that has happened or is likely to happen when it is possible to conclude from them the effect that those circumstances or that event could have on the price of the securities in question.

This information, were it to be made public, could have considerable influence on the price of the securities in question and could be used by a reasonable investor as one of the foundations of his investment decision (buy, sell or keep).

WHAT INFORMATION OR EVENTS MAY BE CONSIDERED TO CONSTITUTE PRIVILEGED INFORMATION?

This includes among other things:

- earnings (or estimated earnings), earnings higher or lower than announced projections;
- mergers, acquisitions, public offerings, joint ventures, disposals or changes in assets, investment stakes, major partnerships;
- major new products or changes involving customers or suppliers (such as the acquisition or loss of a customer or a major contract);
- major litigation, investigations or proceedings conducted by the audit authorities;
- a one-time event tied to activity, which may have a significant effect on earnings;

- events affecting the securities of the issuer (failure to repay debt, early redemption, buyback programmes, division of par value or shares, modifications of dividends, changes to the rights of holders of securities, public or private sales of additional shares).

This list is not exhaustive; other information may be considered privileged depending on the circumstances.

WHEN MAY INFORMATION BE CONSIDERED AS NOT PUBLIC?

Information is not public when it has not been disclosed through, for example:

- an official press release, news service or mass-circulation daily newspaper;
- an official document filed with a control authority (such as the registration document filed with the AMF);
- the Internet;
- documents sent to shareholders (annual report or information prospectus).

Applicable rules

It is likely that Company Directors will receive privileged information about listed companies, e.g., when a partnership, merger/acquisition or investment stake is being examined.

Listed companies in which the Group holds a strategic investment are especially affected.

CONFIDENTIALITY

It is the duty of any Director having, as part of his functions, privileged information relating to a listed company or the securities of a listed company to keep this information confidential.

He is forbidden to disclose this information outside the normal framework of his functions or for reasons other than those related to why the information was disclosed to him.

In the event that the Director in question should need to divulge this information to another person in the Group or a third party for the purpose of exercising his functions, he undertakes to do so only after he has informed this person or third party that the information is confidential and that he is required to comply with the rules applicable to persons who have privileged information.

TRADING OF SECURITIES

For as long as the privileged information is not made public, the Director having such information as part of his functions for a listed company or listed security is forbidden to:

- use the privileged information that he has, to acquire or dispose of, or attempt to acquire or dispose of, on either his own behalf or on behalf of others, directly or indirectly, the securities tied to that information or the securities to which those securities are tied;
- recommend to another person to acquire or dispose of, or to have another person acquire or dispose of, the securities tied to that information or the securities to which those securities are tied, based on the privileged information.

(j) Compensation

The compensation of Directors is to be set by the Board at the proposal of the Appointments and Compensation Committee. The rules for the distribution of Directors' attendance fees are defined in the report from the Chairman to the Board of Directors, attached to the management report.

7.1.4.3 Appendices to the Internal Regulation

Appendix 1

Audit and Risk Management Committee

PURPOSE OF THE COMMITTEE

The purpose of the Audit and Risk Management Committee is the following:

- to analyse the mid-year and annual financial statements distributed by the Company upon preparation of the accounts and provide greater detail on certain items prior to their presentation to the Board of Directors;
- to ensure the relevance and permanence of the accounting principles and methods applied;
- to study changes and adaptations of the accounting principles and rules;
- to verify the accounting treatment of any significant action carried out by the Company;
- to examine the scope of consolidation of the consolidated companies and, as applicable, the reasons for which certain companies are not included therein;
- to examine significant off-balance sheet commitments;
- to monitor the statutory audit by the statutory auditors of the annual financial statements and the consolidated and combined financial statements;
- to ensure that the internal data collection and control procedures guarantee the quality and reliability of the Company's accounts;
- to monitor the process of preparation of the financial information; to check, before publication, all accounting and financial information documents issued by the Company;
- to manage the procedure for selecting the statutory auditors, examining their activity schedule, their recommendations, preparing a notice on the total fees requested for performing the legal audit assignments and monitor the independence of the statutory auditors. To this end, the committee may ask to be notified of the fees paid by the Company and its group to the statutory auditors and their respective networks;
- to receive the reports of the statutory auditors;
- to receive reports upon request, on any subjects falling within its competence, from the Group's financial and accounting management;
- to monitor the effectiveness of the systems of internal control and risk management systems, and to assess their consistency, particularly with regard to ethics compliance; to assess the internal auditing work and the annual report on internal control;
- to monitor the risk management policies, procedures and systems and, within this context, to examine the risk governance scheme in particular, the Group risks policy, internal control policies, adverse scenarios, the Group's major risks, the Business Continuity Plan and the report on anti-money laundering activities and terrorist financing;
- to examine external growth transactions, by verifying firstly that the proposed transaction is well within the strategy defined by the Group and secondly, the profitability of the project and its impact on the overall financial balance of the Group.

COMPOSITION

The Audit and Risk Management Committee consists of a minimum of three (3) and a maximum of six (6) members appointed by the Board of Directors, chosen from among the Directors and non-voting Directors. At least one (1) of the committee members must be independent and chosen from among the Company's outside Directors. The committee cannot include the Chairman among its members. At least one committee member must by training and experience have a good understanding of financial statements and the accounting principles used by the Company, the ability to evaluate the general application of these principles, experience in the preparation, audit, analysis and evaluation of financial statements of a complexity comparable to those of the Company, and good understanding of internal control procedures and the committee's functions.

The terms of office of committee members coincides with their terms as Director or non-voting member. The committee appoints its Chairman. The Groupama SA Company Secretary serves as Committee secretary.

OPERATION

Internal organisation of the committee

The Audit and Risk Management Committee meets as often as deemed necessary and at least twice a year prior to the examination of the annual and mid-year financial statements by the Board of Directors. Members are convened by the Committee Chairman or two of its members. The Chairman or Chief Executive Officer may also request that the Chairman convenes the Audit and Risk Management Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes will be prepared of the meeting, noting the agenda and the discussions held between committee members. The Committee Chairman or a member of the committee appointed for this purpose will report to the Board of Directors the committee's opinions and recommendations for the purposes of its deliberations.

The committee is required to prepare an activity report on the fiscal year just elapsed, which it will submit to the Board of Directors within three (3) months after the close of this year.

Exceptional cases

Depending upon the agenda, the Committee Chairman:

- may convene any person of the Group likely to offer the committee relevant and useful clarifications for a proper understanding of an issue;
- must exclude from its discussions non-independent members of the committee for the assessment of points likely to pose ethical problems or conflicts of interest.

Working methods

Members of the Audit and Risk Management Committee will benefit, as of their nomination, from information on the Company's accounting, financial, and operational details.

The timeframes for examination of the accounts by the Audit and Risk Management Committee must be sufficient (at least two days prior to the assessment by the Board of Directors). For purposes of its examination of the accounts, the committee will receive a memorandum from the statutory auditors emphasising the essential points not only of the results, but also of the accounting options applied, as well as a note from the Chief Financial Officer describing the exposure to risks and the Company's significant off-balance sheet commitments.

Appendix 2

Compensation and Appointments Committee

PURPOSE OF THE COMMITTEE

The purpose of the Compensation and Appointments Committee is the following:

- to propose to the Board of Directors any questions relating to the personal status of the corporate secretaries, specifically compensation, retirement and any allocation of options for the subscription or purchase of company shares, as well as provisions for the departure of members of the Company's management bodies;
- to make any proposals regarding the compensation of corporate secretaries and the allocation and distribution of Directors' attendance fees;
- to assess the conditions, amount, and distribution of any options for the subscription or purchase of shares;
- to define the rules for setting the variable portion of the compensation of corporate secretaries and ensure the consistency of these rules with the evaluation performed annually of the performance of the corporate secretaries and with the Group's medium-term strategies;
- to evaluate all compensation and benefits received by Directors, as applicable, from other companies of the Group, including retirement benefits and benefits of any kind;
- to organise a procedure to select future independent Directors and to perform its own studies on potential candidates before any measure has been taken with regard to the latter;
- to verify annually the individual status of each Director with regard to the classification of Independent Director and communicate the conclusions of its examination to the Board of Directors;
- to perform annually tasks involving evaluation of the Board of Directors' operating methods and to communicate the conclusions of these tasks to the Board of Directors.

COMPOSITION

The Compensation and Nominations Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors and chosen from among the Directors and non-voting Directors. At least one (1) of the committee members must be chosen from among the Company's outside Directors.

The terms of office of committee members coincides with their terms as Director or non-voting member. The committee appoints its Chairman. The Groupama SA Company Secretary serves as Committee secretary.

OPERATION

Internal organisation of the committee

The Compensation and Appointments Committee will meet as often as is deemed necessary and at least once a year prior to approval of the agenda of the annual General Meeting, to examine the draft resolutions to be submitted thereto concerning the positions of members of the Board of Directors and, as applicable, of non-voting Directors, and prior to the assessment by the Board of Directors of the compensation of the Chairman and Chief Executive Officer. Members are convened by the Committee Chairman or two of its members. The Chairman of the Board of Directors or the Chief Executive Officer may also request that the Committee Chairman convenes the Compensation and Appointments Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes will be prepared of the meeting, noting the agenda and the discussions held between committee members. The Committee Chairman or a member of the committee appointed for this purpose will report to the Board of Directors the committee's opinions and recommendations for the purposes of its deliberations.

The committee is required to prepare an activity report on the fiscal year just elapsed, which it will submit to the Board of Directors within three (3) months after the close of this year.

Exceptional cases

Depending upon the agenda, the Committee Chairman may convene any person of the Group capable of offering the committee relevant and useful clarification as to the proper understanding of an issue.

Appendix 3

Agreements Committee

PURPOSE OF THE COMMITTEE

The Agreements Committee has the following purpose:

- to prevent any potential conflict of interest between the regional mutuals and Groupama SA and its subsidiaries, which is likely to result from their business relationships. In this context, the committee continuously checks, based on defined significance thresholds, to ensure the agreements are legally sound and ensure that the corporate interests of Groupama SA are respected;
- to analyse any agreement signed under the conditions mentioned in Article L. 225-38 of the French Commercial Code, including those signed between the Company and one of its non-voting Directors or with the Company that controls one of its shareholders (having a proportion of voting rights above 10%) as defined in Article L. 233-3 of the French Commercial Code.

  In this context, the committee must submit a report to the Board of Directors for each of these agreements, specifically regarding its purpose, its amount and its principal conditions, and draw its conclusions in particular as to the applicable procedure (prior authorisation or communication by the Chairman to members of the Board of Directors and the statutory auditors, provided that it involves agreements corresponding to current operations entered into under normal conditions under the terms of Article L. 225-39 of the French Commercial Code).

  The committee will also report to the Board of Directors on the status of these agreements;
- to analyse any and all agreements between the regional mutuals and Groupama SA and its subsidiaries and, more specifically, to make certain that the terms of compensation and distribution of risk among the entities of the two divisions – mutual insurance and equity management – are in compliance with market practice;
- to analyse the conditions for applying the reinsurance agreement between Groupama SA and its regional mutuals.

COMPOSITION

The Agreements Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors, chosen from among the Directors and non-voting Directors. At least one (1) of the committee members must be independent and chosen from among the Company's outside Directors, on the understanding that independence is determined in accordance with the criteria listed by the AFEP-MEDEF task force. The committee cannot include the Chairman among its members.

The terms of office of committee members coincides with their terms as Director or non-voting member. The committee appoints its Chairman from among the Independent Directors. The Groupama SA Company Secretary serves as Committee secretary.

OPERATION

Internal organisation of the committee

The Agreements Committee will meet as often as it deems necessary and at least once a year to assess the reinsurance agreement. Members are convened by the Committee Chairman or two of its members. The Chairman or Chief Executive Officer may also request that the Chairman convenes the Agreements Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes will be prepared of the meeting, noting the agenda and the discussions held between committee members. The Committee Chairman or a member of the committee appointed for this purpose will report to the Board of Directors the committee's opinions and recommendations for the purposes of its deliberations.

The committee is required to prepare an activity report on the fiscal year just elapsed, which it will submit to the Board of Directors within three (3) months after the close of this year.

Exceptional cases

Depending upon the agenda, the Committee Chairman may convene any person of the Group capable of offering the committee relevant and useful clarification as to the proper understanding of an issue.

Working methods

The timeframes for the assessment of agreements by the Agreements Committee must be sufficient (at least two days prior to the assessment by the Board of Directors of an agreement).

Appendix 4

Criteria for independence

DEFINITION

For the purposes of this appendix, the term "Corporate Secretary" will be understood as defined in recommendation 2002-01 of the Commission des Opérations de Bourse:

"The corporate secretaries are as follows:

- the Managers;
- the Chairman (Chairman of the Board of Directors or Chairman and CEO);
- the Chief Executive Officers;
- the Deputy Chief Executive Officers;
- the members of the Management Board;
- the individuals or legal entities exercising the functions of Director or member of the Supervisory Board, as well as the permanent representatives of the legal entities exercising these functions; and
- any person exercising equivalent functions in foreign companies."

CRITERIA

A Director is considered to be independent if he meets the following criteria:

- he is not an employee or does not exercise managerial functions within the Company, or is not an employee or Director of the parent company or a company it is consolidating and has not been at any time over the past five years;
- he has not been paid by the Company, in any form whatsoever, with the exception of Directors' attendance fees, compensation of over one hundred thousand euros (€100,000) within the past five years;
- he is not a Corporate Secretary of a company in which the Company holds, directly or indirectly, the position of Director or in which an employee designated as such or a Corporate Secretary of the Company (currently or within the past five years) holds the position of Director;
- he is not a significant customer, supplier, investment banker or financing banker of the Company or its group, or for which the Company or its group represents a significant portion of business activity;
- he has no close family ties to a Corporate Secretary;
- he has not been the auditor of the Company over the previous five years and has not been a Director of the Company for over twelve years;
- he does not represent a major shareholder in the Company, on the understanding that:
  - a shareholder is considered to be a major shareholder when he holds more than 10% of share capital or voting rights (as calculated by consolidating his various shareholdings);
  - above this threshold, the Board, on the recommendation of the Compensation and Appointments Committee, will routinely inquire into his status as independent by taking into consideration the composition of the Company's share capital and the existence of a potential conflict of interest.

7.2 INFORMATION CONCERNING SHARE CAPITAL AND PRINCIPAL SHAREHOLDERS

7.2.1 SHARE CAPITAL

Information relating to the Company's capital appearing in 7.2.1.1 and 7.2.1.3 results from, or is the consequence of, financial authorisations granted by the Combined General Meeting since 2006 and regularly renewed until 2011. The most recent renewal of all of these authorisation was at the General Meeting of 25 May 2011. Since then, with the planned public offering of the capital having been abandoned, certain authorisations expired in 2012, for lack of renewal, others were renewed in 2012, and others will expire in 2013. The only financial authorisations for which renewal will be proposed to the Combined General Meeting of 12 June 2013 are those intended to allow the Board of Directors to carry out issues reserved for current shareholders and employees of the Group, as well as the issue intended to compensation for contributions in kind.

7.2.1.1 Total share capital

- Total share capital issued: €1,686,569,399, represented by shares all in the same category
- Number of shares issued and fully paid up: 329,086,712
- Par value of the shares: €5.125
- Authorised share capital not issued: maximum nominal amount of €1.1 billion as detailed below

Status of delegations of authority to the Board of Directors adopted by the Combined General Meetings of 25 May 2011 and 30 May 2012.

Securities	Resolutions	Duration of the authorisation	Expiry	Maximum nominal amount of increase in share capital
Purchase by the Company of its own shares (1)	10th Resolution GM of 25 May 2011	18 months	November 2012	10% of the share capital up to a maximum of €500 million
Issue with preferential subscription rights (capital increase from all shares combined)	9th Resolution GM of 30 May 2012	26 months	July 2014	€1.1 billion to be allocated to the total capital increases authorised by the meeting, i.e., €1.1 billion
Issue without preferential subscription rights (capital increase from all shares combined)	12th and 13th Resolutions GM of 25 May 2011	26 months	July 2013	€1.1 billion to be allocated to the total capital increases authorised by the meeting, i.e., €1.1 billion
Issue with or without preferential subscription rights during the implementation of the over-allocation option (1)	14th Resolution GM of 25 May 2011	26 months	July 2013	15% of the amount of the initial issue
Issue without preferential subscription rights as compensation for contributions in kind corresponding to shares or equity securities	15th Resolution GM of 25 May 2011	26 months	July 2013	10% of the share capital
Capital increase by capitalisation of premiums, reserves, earnings, etc.	16th Resolution GM of 25 May 2011	26 months	July 2013	€400 million
Issuance reserved for categories of persons	10th, 11th and 12th Resolutions GM of 30 May 2012	18 months	November 2013	€1.1 billion to be allocated to the total capital increases authorised by the meeting, i.e., €1.1 billion
Capital increase reserved for employee members of a company savings plan	13th Resolution GM of 30 May 2012	26 months	July 2014	€150 million
Free allocations of existing shares or shares to be issued to employees of the Group or certain members thereof	21st Resolution GM of 25 May 2011	26 months	July 2013	10% of the share capital as at the date of the Board's decision
Capital reduction by cancellation of treasury shares (1)	22nd Resolution GM of 25 May 2011	24 months	May 2013	10% of the share capital

(1) Under the condition precedent of the admission for trading of the Company's shares on a regulated market.

A proposal will be made to the General Meeting of 12 June 2013 to renew the authorisation to carry out the following operations:

- the issue of shares and/or equity securities with preservation of the preferential subscription right in favour of Groupama Holding, in the 10th Resolution, which cancels and replaces the one previously issued by the General Meeting of 30 May 2012 in the 10th Resolution;
- the issue of shares and/or equity securities, with preservation of the preferential subscription right in favour of Groupama Holding 2, in the 11th Resolution, which cancels and replaces the one previously issued by the General Meeting of 30 May 2012 in the 11th Resolution;
- the issue of company shares and/or equity interests eliminating the preferential share subscription right in favour of categories of persons, in the 12th Resolution, which cancels and replaces the one previously issued by the General Meeting of 30 May 2012 in the 12th Resolution, with the understanding that this renewal does not pertain to the category referred to in point (i) of the previous authorisation, which referred to the credit institutions and insurance companies and/or their holding companies and/or any companies of their groups and/or all companies managed by the companies of their group;
- the increase of capital by capitalisation of issue premiums, reserves, profits or other, in the 13th Resolution, which cancels and replaces the one previously issued by the General Meeting of 25 May 2011 in the 16th Resolution;
- the capital increase eliminating the preferential share subscription right in order to compensate for contributions in kind regarding equity securities or securities giving access to the capital, in the 14th Resolution, which cancels and replaces the one previously issued by the General Meeting of 25 May 2011 in the 15th Resolution;
- the issue of shares or equity securities reserved for members of savings plan, in the 15th Resolution, which cancels and replaces the one previously issued by the General Meeting of 30 May 2012 in the 13th Resolution;
- the free allocations of shares existing or to be issued to some or all group employees in the 16th Resolution, which cancels and replaces the one previously issued by the General Meeting of 25 May 2011 in the 21st Resolution.

7.2.1.2 Non-equity instruments

As of the date of the recording of this registration document, the Company had no non-equity instruments.

7.2.1.3 Shares held by the Company or its subsidiaries

As of this date, the Company holds none of its own shares. Similarly, none of its subsidiaries holds shares in the Company.

As the renewal of the authorisation of the buyback programme granted by the General Meeting of 25 May 2011, in its 10th Resolution, was not proposed to the General Meeting of 30 May 2012; said authorisation expired in November 2012. The authorisation of a new programme will not be proposed to the General Meeting of 12 June 2013.

7.2.1.4 Other equity interests

As of the recording date of this registration document, the Company had no other equity interests.

7.2.1.5 History of the share capital over the past three years

	31.12.2012			31.12.2011			31.12.2010		
Shareholders	**Number of shares**	**% of capital**	**% of voting rights**	**Number of shares**	**% of capital**	**% of voting rights**	**Number of shares**	**% of capital**	**% of voting rights**
Groupama Holding	299,327,338	90.96%	90.95%	299,260,100	90.94%	90.93%	210,489,521	90.92%	90.92%
Groupama Holding 2	29,587,992	8.99%	8.99%	29,587,992	8.99%	8.99%	20,814,364	8.99%	8.99%
Others *	171,382	0.05%	0.06%	238,620	0.07%	0.08%	210,883	0.09%	0.09%
TOTAL	**329,086,712**	**100.00%**	**100.00%**	**329,086,712**	**100.00%**	**100.00%**	**231,514,768**	**100.00%**	**100.00%**

* *Employees, former employees and exclusive officers and Directors.*

The following table shows the changes in the share capital over the past three years.

Date	Operation	Number of shares issued	Nominal share value	Nominal amount of capital increase	Issue, merger, and transfer premium	Total capital amount	Total number of shares
28.12.2011	Capital increase maintaining PSR	97,571,944	5.125 €	500,056,213	-	1,686,569,399 €	329,086,712

7.2.1.6 Employee holdings of Groupama SA shares

As at year-end 1998, within the framework of Groupama's acquisition of Gan SA, employees, former employees and exclusive officers of Gan SA and its subsidiaries subscribed to an offer for the purchase of reserved Gan SA shares.

In order to mitigate the lack of liquidity of Gan SA shares as they were not traded, Groupama SA committed to guaranteeing the shares' liquidity. Within this framework, Groupama SA undertook to acquire at any time, with the exception of the months corresponding to account suspension periods, such shares as the shareholders wished to sell. The liquidity commitment was assumed by CCAMA following the merger between Groupama SA and Gan SA in June 2002, then by Groupama Holding following the simplification of the Group's national structures at the end of 2003.

The purchase price of the Groupama SA shares was calculated based on the change in the Groupama SA consolidated net assets twice a year:

- the first day of the month after the month in which the Groupama SA annual consolidated financial statements were prepared;
- the first day of the month after the month in which the Groupama SA consolidated mid-year financial statements were audited.

Moreover, by virtue of the laws relating to employee savings and the COB instruction of 17 June 2003 introducing new rules for the valuation of unlisted companies applicable to employee mutual savings funds, the value of the Groupama SA shares is also assessed once a year based on net assets adjusted in accordance with the most recent balance sheet, with the assessment method having been validated by an independent expert.

The purchase price of the Groupama SA share applicable to each period is the higher between the value resulting from application of the liquidity commitment and the value resulting from application of the adjusted net asset method.

The liquidity commitment will become null and void if the shares are listed for trading on a regulated market and if the public holds a fraction of the Groupama SA share capital equal to at least 10%. Employee shareholders of Groupama SA will then be entitled to sell their Groupama SA equity at the price resulting from the liquidity commitment, for a period of 3 months, the period running from the listing of the shares for trading on a regulated market.

As at 31 December 2012, employees, former employees and exclusive officers of Groupama SA held 0.05% of the Groupama SA share capital.

7.2.2 PRINCIPAL SHAREHOLDERS

The following table shows the number of shares, the percentage of capital, and the percentage of corresponding voting rights held by the Company's principal shareholders as at 31 December 2012.

A double voting right is to be allocated to all fully paid-up shares, for which nominative registration is justified after at least two years in the name of the same shareholder either of French nationality, or originating from a Member State of the European Union.

70.33% of the Company's share capital has double voting rights.

Shareholders	Number of shares	% of capital	Number of voting rights	% of voting rights
Groupama Holding *	299,327,338	90.96%	509,816,859	90.95%
Groupama Holding 2 *	29,587,992	8.99%	50,402,356	8.99%
Others **	171,382	0.05%	330,498	0.06%
TOTAL	**329,086,712**	**100.00%**	**560,549,713**	**100.00%**

* *Groupama Holding and Groupama Holding 2 are the holding companies of Groupama SA, the shareholders of which are the Regional Insurance Mutuals and the Agricultural Reinsurance Mutuals.*

** *As at 31 December 2012, employees, former employees, and exclusive officers held 171,330 shares, i.e., 0.05% of the Company's capital. Moreover, on the same date, Directors as a whole held 52 shares, i.e., four company shares each.*

Through Groupama Holding and Groupama Holding 2, which they wholly own, the Regional Insurance Mutuals control a majority of Groupama SA. Note that Groupama Holding and Groupama Holding 2 are not Directors of Groupama SA.

7.3 GENERAL MEETING OF 12 JUNE 2013

7.3.1 AGENDA

Items within the scope of responsibilities of the Ordinary General Meeting

- Management report from the Board of Directors on fiscal year 2012 and report from the Chairman on internal control procedures.
- General reports from the statutory auditors on the performance of their audit engagement during fiscal year 2012 and special report from the statutory auditors on the report from the Chairman pursuant to section 6, Article L. 225-37 of the French Commercial Code.
- Approval of the individual and consolidated financial statements for fiscal year 2012.
- Allocation of profit or loss.
- Special report from the statutory auditors on the transactions mentioned in Article L. 225-38 of the French Commercial Code.
- Approval of the appointment of three Directors
- Determination of the amount of the attendance fees.

Items within the scope of responsibilities of the Extraordinary General Meeting

- Expiration of the amendments to the bylaws decided upon by the Combined General Meetings of 29 June 2006 and 28 May 2008.
- Assignment of authority to the Board of Directors to increase share capital by issuing company shares and/or equity interests reserved for Groupama Holding, eliminating the preferential share subscription right on its behalf.
- Assignment of authority to the Board of Directors to increase share capital by issuing company shares and/or equity interests reserved for Groupama Holding 2, eliminating the preferential share subscription right on its behalf.
- Assignment of authority to the Board of Directors to increase share capital by issuing company shares and/or equity interests reserved for categories of people, eliminating the preferential share subscription right on their behalf.
- Assignment of authority to the Board of Directors to increase share capital through the incorporation of premiums, reserves, profits, etc.
- Issue of shares or equity securities in payment for in-kind contributions involving shares or equity securities.
- Assignment of authority to the Board of Directors to increase share capital by issuing company shares and/or equity interests reserved for members of savings plans, eliminating the preferential share subscription right on their behalf.
- Assignment of authority to the Board of Directors to undertake free allocations of shares existing or to be issued in favour of all or certain group employees.

Within the scope of responsibilities of the Combined General Meeting

- Powers of attorney for registration procedures.

7.3.2 RESOLUTIONS

Items within the scope of responsibilities of the Ordinary General Meeting

First Resolution (Approval of the parent company financial statements)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings:

- after having taken note of the report of the Board of Directors and the statutory auditors on the fiscal year ended 31 December 2012 and the opinion of the Central Works Council on these same statements;
- after having taken note of the deduction made on 31 December 2012 on Retained Earnings of €10,707,458.16, for the additional contribution to the one-time tax on the total capitalisation reserve, pursuant to the provisions of the Finance Act for 2013 (Article 25 of Act 2012-1509 of 29 December 2012), which moved Retained Earnings to a credit amount of €1,394,769,839.39;

approves the financial statements for this fiscal year as presented, *i.e.*, the balance sheet, income statement and notes, as well as the transactions posted to these statements and summarised in these reports, yielding a loss of €696,605,564.30.

Second Resolution (Approval of the consolidated financial statements)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the reports of the Board of Directors and the statutory auditors on the consolidated financial statements for the fiscal year ending 31 December 2012, approves these financial statements as presented, yielding a net loss (group share) of €622.180 million.

Third Resolution (Allocation of loss)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, after having taken note of the report of the Board of Directors, has resolved to allocate the loss for the year, which totals €696,605,564.30, to the credit side of the "Retained Earnings" account of €1,394,769,839.39, which will move that account to a credit amount of €698,164,275.09;

To meet the provisions of Article 243 bis of the French General Tax Code, distributions for the past three fiscal years were as follows:

Fiscal years	Total dividends distributed	Total dividends distributed eligible for reduction	Total dividends distributed not eligible for reduction
2011	-	-	-
2010	€104,181,645.60	€93,457.35	€104,088,188.25
2009	€104,181,645.60	€98,555.85	€104,083,089.75

Fourth Resolution (Regulated agreements referred to in Article L. 225-38 of the French Commercial Code)

The General Meeting, ruling under the conditions of a quorum and majority required for Ordinary General Meetings, having taken note of the special report of the statutory auditors as provided for in paragraph 3 of Article L. 225-40 of the French Commercial Code and Article R. 322-7 of the French Insurance Code on agreements referred to in Article L. 225-38 of the French Commercial Code, acknowledges the conclusions of this report and approves the agreements described therein.

Fifth Resolution (Ratification of a Director's appointment)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, ratifies the appointment of Mr Daniel Collay in his capacity as Director, which occurred at the meeting of 30 May 2012, to replace Mr François Desnoues, who resigned, for the remaining duration of his term of office, *i.e.*, until the Ordinary General Meeting convened in 2015 to approve the financial statements for fiscal year ending 31 December 2014.

Sixth Resolution (Ratification of a Director's appointment)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, ratifies the appointment of Mr Bruno Rostainin his capacity as Director, which occurred at the meeting of 2 August 2012, to replace Mr Philippe Vassor, who resigned, for the remaining duration of his term of office, *i.e.*, until the Ordinary General Meeting convened in 2017 to approve the financial statements for fiscal year ending 31 December 2016.

Seventh Resolution (Ratification of a Director's appointment)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, ratifies the appointment of Mr Michel L'Hostis in his capacity as Director, which occurred at the meeting of 17 January 2013, to replace Mr Jean-Luc Baucherel, who resigned, for the remaining duration of his term of office, *i.e.*, until the Ordinary General Meeting convened in 2015 to approve the financial statements for fiscal year ending 31 December 2014.

Eighth Resolution (Directors' fees)

The General Meeting, ruling under the conditions of quorum and majority required for Ordinary General Meetings, resolves the maintenance of the total annual intendance fees at a maximum of €1,045,000, to be divided among the Directors for 2013 and beyond.

Items within the scope of responsibilities of the Extraordinary General Meeting

Ninth Resolution (Expiration of the amendments to the bylaws decided upon by the Combined General Meetings of 29 June 2006 and 28 May 2008)

The General Meeting, ruling under the conditions of quorum and majority required for Extraordinary General Meetings, having taken note of the report of the Board of Directors, takes note of the abandonment of the planned public offering of the capital by admission of the company shares on a regulated market and consequently notes the expiration of all amendments to the bylaws decided upon by the Combined General Meetings of 29 June 2006 and 28 May 2008 under the condition precedent of the listing for trading and the first trade of the company's shares on the Eurolist market of Euronext.

Tenth Resolution (Assignment of authority to increase share capital by issuing company shares and/or equity interests reserved for Groupama Holding, eliminating the preferential share subscription right on its behalf)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq*. of the French Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of the said Code:

1. delegates to the Board of Directors, with the option of subdelegation under the conditions set forth by law, the authority to determine the capital increase, on one or more occasions, in the proportions and at the times it deems appropriate, by issuing company shares or equity securities, on the understanding that the subscription of shares and other securities may be either in cash, or offset against receivables;
2. resolves to eliminate the preferential subscription rights of the shareholders for shares or other securities that may be issued pursuant to this resolution and to reserve the right to subscribe to these security issues for Groupama Holding, a *société anonyme* with share capital of €2,520,662,256, whose registered office is located at 8-10 rue d'Astorg, 75008 Paris, entered in the Paris Trade and Companies Register under number 428 734 818;
3. this decision automatically means that the Company's shareholders waive their preferential subscription rights to the Company's shares to which such securities could give entitlement on behalf of holders of issued equity securities based on this resolution;
4. resolves that the maximum par value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion; it is specified that, if applicable, the overall limit stated in paragraph 2 of the 9th Resolution approved by the Combined General Meeting of 30 May 2012 will be increased for the par value of the shares to be issued in the event of financial transactions, to safeguard the rights of holders of equity securities;
5. resolves that:

- the issue price of the directly issued shares shall at least equal shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date;
- the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issuance of those equity securities, be at least equal to the minimum subscription price defined in the previous paragraph;

6. resolves that the Board of Directors, with the option of subdelegation under the conditions set forth by law, shall have all powers to implement this authority and in particular:

- to decide on the capital increase and determine the securities to be issued;
- to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue;
- to determine the method of paying the shares or equity securities in full immediately or in the future;
- to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest, to determine the terms for exercising any rights to conversion, exchange, redemption, including by tendering assets in the Company such as securities already issued by the Company, as well as any other terms and conditions for carrying out the capital increase;
- to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated, set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company);
- as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities;

- to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;
- on its sole initiative to charge capital increase costs on the amount of the premiums associated with them;
- to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the Company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allocation of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of equity investors;
- to take note of every capital increase completed and amend the bylaws accordingly; and
- in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned, to take any and all measures and carry out any and all formalities required for issuing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

7. sets at eighteen months with effect from the date of this meeting, the period of validity of this authority and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 30 May 2012, in its 10th Resolution.

Eleventh Resolution (Assignment of authority to increase share capital by issuing company shares and/or equity interests reserved for Groupama Holding 2, eliminating the preferential share subscription right on its behalf)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq*. of the French Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of the said Code:

1. delegates to the Board of Directors, with the option of subdelegation under the conditions set forth by law, the authority to determine the capital increase, on one or more occasions, in the proportions and at the times it deems appropriate, by issuing company shares or equity securities, on the understanding that the subscription of shares and other securities may be either in cash, or offset against receivables;
2. resolves to cancel the preferential subscription rights of the shareholders to shares or securities that may be issued pursuant to this resolution and to reserve the right to subscribe to these issues for Groupama Holding 2, a *limited company* with share capital of €507,998,880, whose registered office is located at 8-10 rue d'Astorg, 75008 Paris, entered in the Paris Trade and Companies' Registry under number 411 955 404;
3. this decision automatically means that the Company's shareholders waive their preferential subscription rights to the Company's shares to which such securities could give entitlement on behalf of holders of issued equity securities based on this resolution;
4. resolves that the maximum par value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion; it is specified that, if applicable, the overall limit stated in paragraph 2 of the 9th Resolution approved by the Combined General Meeting of 30 May 2012 will be increased for the par value of the shares to be issued in the event of financial transactions, to safeguard the rights of holders of equity securities;
5. resolves that:

- the issue price of the directly issued shares shall at least equal shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date;
- the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issuance of those equity securities, be at least equal to the minimum subscription price defined in the previous paragraph;

6. resolves that the Board of Directors, with the option of subdelegation under the conditions set forth by law, shall have all powers to implement this delegation of authority and in particular:

- to decide on the capital increase and determine the securities to be issued;
- to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue;
- to determine the method of paying the shares or equity securities in full immediately or in the future;
- to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest, to determine the terms for exercising any rights to conversion, exchange, redemption, including by tendering assets in the Company such as securities already issued by the Company, as well as any other terms and conditions for carrying out the capital increase;
- to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated, set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company); as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities;

- to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;
- on its sole initiative to charge capital increase costs on the amount of the premiums associated with them;
- to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the Company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allocation of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of equity investors;
- to take note of every capital increase completed and amend the bylaws accordingly; and
- in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned, to take any and all measures and carry out any and all formalities required for issuing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

7. sets at eighteen months with effect from the date of this meeting, the period of validity of this authority and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 30 May 2012, in its 11th Resolution.

Twelfth Resolution (Assignment of authority to increase share capital by issuing company shares and/or equity interests reserved for categories of persons, eliminating the preferential share subscription right on their behalf)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 *et seq*. of the French Commercial Code, specifically Article L. 225-129-2 and L. 225-138 of the said Code:

1. delegates to the Board of Directors, with the option of subdelegation under the conditions set forth by law, the authority to determine the share capital increase, on one or more occasions, in the proportions and at the times it deems appropriate, by issuing company shares or equity securities, on the understanding that the subscription of shares and other securities may be either in cash, or offset against receivables;
2. consequently resolves to cancel the preferential subscription rights of the shareholders for shares or other securities that may be issued pursuant to this resolution and to reserve the right to subscribe to these security issues for the following categories of persons: (i) the elected representatives and agents of the local and/or regional mutuals of Groupama; (ii) the employees and Managers or company officers referred to in Article L. 3332-2 of the French Labour Code, businesses linked to the Company within the meaning of Articles L. 3344-1 and L. 3344-1 of that Code, who or which are not beneficiaries of the issues effected in application of the 15th Resolution below and/or; (iii) the persons and/or the employees and Managers or company officers of companies not referred to above but who meet the criteria referred to in the first paragraph of Article L. 3344-1 referred to above and/or; (iv) UCITS or other employee shareholding bodies holding investments in the Company's securities, whose share owners or shareholders consist of the persons referred to in (ii) and (iii) of this paragraph and/or the beneficiaries of the 15th Resolution below;
3. this decision automatically means that the Company's shareholders waive their preferential subscription rights to the company's shares to which such securities could give entitlement on behalf of holders of issued equity securities based on this resolution;
4. resolves that the maximum par value of the capital increases likely to be carried out immediately or in the future under this authority is set at €1.1 billion; it is specified that, if applicable, the overall limit stated in paragraph 2 of the 9th Resolution approved by the Combined General Meeting of 30 May 2012 will be increased for the par value of the shares to be issued in the event of financial transactions, to safeguard the rights of holders of equity securities;
5. resolves that:

- the issue price of the directly issued shares shall at least equal shareholders' equity per share, as stated in the most recently approved balance sheet as at the issue date;
- the issue price of the equity securities shall be such that the sum received immediately by the Company, plus any sum likely to be received subsequently by it, shall, for each share issued as a consequence of the issuance of those equity securities, be at least equal to the minimum subscription price defined in the previous paragraph;
- for issues to beneficiaries mentioned under (ii) and (iv) of 2 above, the issue price for new shares or equity securities will be based on the terms specified under 3 of the 15th Resolution below or identical to the price at which securities of the same type will be issued pursuant to the 15th Resolution;

6. resolves that the Board of Directors, with the option of subdelegation under the conditions set forth by law, shall have all powers to implement this delegation of authority and in particular:

- to decide on the capital increase and determine the securities to be issued;
- to prepare the exact list of the beneficiaries within the beneficiaries classes cited in paragraph 2 above, for whom shareholders' preferential subscription rights were eliminated;
- to decide on the amount of the capital increase, the issue price as well as the amount of the premium, which may, if applicable, be requested upon issue;
- to determine the method of paying the shares or equity securities in full immediately or in the future;
- to set, as the case may be, the terms for exercising any rights attached to the shares or equity securities to be issued and, specifically, to set the date, even retroactively, from which the new shares will bear interest, to determine the terms for exercising any rights to conversion, exchange, redemption, including by tendering assets in the Company such as securities already issued by the Company, as well as any other terms and conditions for carrying out the capital increase;

- to determine the dates and terms of the capital increase, the type and characteristics of the securities to be issued and, in addition, to decide in the case of bonds or other debt securities, whether or not they will be subordinated (and, if so, their rank, in accordance with the provisions of Article L. 228-97 of the French Commercial Code), set the interest rate thereof (including fixed or variable rate, zero coupon or indexed) and stipulate any mandatory or optional cases of suspension or non-payment of interest, stipulate the duration (fixed or open-ended), the possibility of reducing or increasing the par value of the shares and other terms of issue (including the granting of guarantees or pledges) and value write-downs (including redemption by tendering assets of the Company);
- as applicable, such securities may entail the option for the Company of issuing debt securities (which may or may not be incorporated) in payment for interest, the payment of which would have been suspended by the Company and to modify the terms set forth above during the life of the securities concerned, in accordance with the applicable formalities;
- to provide for the option of eventually suspending the exercise of the rights attached to such securities, pursuant to existing laws and regulations;
- on its sole initiative to charge capital increase costs on the amount of the premiums associated with them;
- to set and make any adjustments aimed at taking into account the effect of transactions on the equity of the Company, particularly if there are changes in the par value of the share, in the capital increase by capitalisation of reserves, in the allocation of bonus shares, in share splits or combinations, in the distribution of reserves or of any other assets, in the amortisation of the equity capital or in any other transaction involving the shareholders' equity, and, as the case may be, to set the terms for preserving the rights of equity investors;
- to take note of every capital increase completed and amend the bylaws accordingly;
- and, in general, to enter into any and all agreements specifically aimed at the successful execution of the issues planned, to take any and all measures and carry out any and all formalities required for issuing and accounting for the securities issued under this authority and to exercise the rights attached thereto;

7. sets at eighteen months with effect from the date of this meeting, the period of validity of this authority and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 30 May 2012, in its 12th Resolution.

Thirteenth Resolution (Delegation of authority to increase the share capital by capitalisation of issue premiums, reserves, profits or other funds)

The General Meeting, ruling under the required quorum and majority conditions for Ordinary General Meetings, having taken note of the report by the Board of Directors, and in accordance with the provisions of Article L. 225-130 of the French Commercial Code:

1. hereby delegates to the Board of Directors, with the option of sub-delegation under the conditions set forth by law, the authority to approve a capital increase, on one or more occasions, in the proportion and at the times it deems appropriate, by capitalisation of issue premiums, reserves, profits or other funds that can be capitalised in accordance with existing laws and regulations, in the form of allocation of bonus shares or by raising the par value of any outstanding shares or by using both of these methods. The maximum par value of the capital increases likely to be carried out hereto may not exceed €400 million;
2. in the event this authority is used by the Board of Directors, (the meeting) hereby gives him full authority, with the option of subdelegation, under the terms set forth by law, to implement this authorisation for the following purposes:

- to set the amount and the nature of the sums to be capitalised, to set the number of new shares to be issued and/or the amount by which the par value of the existing shares comprising the share capital will be increased, to set the date, even retroactively, from when the new shares will bear interest or the date on which the increase in par value comes into effect;
- to make the following decisions if bonus shares are allocated:
  - that fractional shares will not be traded and that the corresponding shares will be sold; the sums from the sale shall be allocated to the owners of rights under the conditions provided for by existing laws and regulations,
  - that the portion of the shares to be allocated in proportion to existing shares that are entitled to double voting rights will enjoy that right when issued,
  - to make any and all adjustments aimed at taking into account the effect of transactions on the Company's share capital, in particular if there are changes in the par value of the share, a capital increase by capitalisation of reserves, an allocation of bonus shares, share splits or reverse splits, a distribution of reserves or any other assets, a write down to share capital or any other transaction involving shareholders' equity, and, as the case may be, to set the terms for preserving the rights of the holders of equity securities,
  - to charge to one or more available reserve items the amount of the costs associated with the corresponding capital increase,
  - to take due note of every capital increase completed and to amend the bylaws accordingly,
  - in general, to enter into any and all agreements, take any and all measures and carry out any and all formalities necessary to issue and account for the securities issued under this authority and to exercise any rights attached thereto;

3. This authority is granted for a period of twenty-six months with effect from this meeting. The General Meeting, with immediate effect and in respect of the unused portion, terminates the authority granted by the Combined General Meeting of 25 May 2011, in its 16th Resolution.

Fourteenth Resolution (Issue of shares or equity securities in payment for in-kind contributions involving shares or equity securities)

The General Meeting, ruling under the conditions of quorum and majority required for Extraordinary General Meetings, having taken note of the report of the Board of Directors and the statutory auditors' special report, in accordance with the provisions of Articles L. 225-129 *et seq*. of the French Commercial Code and specifically Article L. 225-147, 6th paragraph of said Code grants all powers to the Board of Directors to carry out an issue of the Company's shares or equity securities, up to 10% of share capital as at the issue date, in payment for in-kind contributions to the Company consisting of equity shares or other equity securities, whenever the provisions of Article L. 225-148 of the French Commercial Code do not apply.

If it uses this authority, the Board of Directors will make a decision based on a report from one or more contribution auditors ("commissaires aux apports"), referred to in Article L. 225-147 of the French Commercial Code.

The General Meeting resolves that the Board of Directors shall have all powers to implement this authority, notably to approve the valuation and confirmation of the asset contributions and to post all costs and dues on the issue premiums and amend the bylaws accordingly.

The authority granted to the Board of Directors is valid for a twenty-six month period with effect from this meeting. The General Meeting, with immediate effect and in respect of the unused portion, terminates the authority granted by the Combined General Meeting of 25 May 2011, in its 15th Resolution.

Fifteenth Resolution (Delegation of authority to increase the share capital, by issuing shares and/or equity securities in the Company reserved for members of savings plans, eliminating their preferential share rights)

The General Meeting, ruling under the required quorum and majority conditions for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report and, in accordance with the provisions of Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 *et seq*. of the French Labour Code:

1. authorises the Board of Directors, with the option of subdelegation under the conditions set forth by law, to determine the capital increase, on one or more occasions, of a maximum par value of €150 million, by issuing company shares or equity securities, reserved for members of one or more savings plans (or another plan for members, for which Article L. 3332-18 of the French Labour Code would allow a reserved capital increase under equivalent terms) introduced within Groupama SA or the Groupama group comprising the Company and French and foreign companies included in the Company's accounting consolidation or combination in accordance with Articles L. 3344-1 and L. 3344-2 of the French Labour Code;
2. sets at twenty-six months, with effect from this meeting, the period of validity of this authority and with immediate effect and for the unused portion, terminates the authority granted by the Combined General Meeting of 30 May 2012, in its 13th Resolution;
3. resolves that the subscription price of the shares or the equity securities shall be set under the conditions stipulated in Article L. 3332-20 of the French Labour Code and shall be equal to at least 80% of the Reference Price (as this expression is defined below) or at least 70% of the Reference Price when the lock-in period provided for by the plan under Article L. 3332-25 and L. 3332-26 of the French Labour Code equals or exceeds ten years; however, the General Meeting expressly authorises the Board of Directors, if it deems appropriate, to reduce or eliminate the above-mentioned discounts up to the legal and regulatory limits in order to take into account, *inter alia*, the legal, accounting, tax and corporate systems applicable locally; for the purposes of this paragraph, the Reference Price refers to the price set in accordance with the objective methods applied for the valuation of shares, taking into consideration, in accordance with an appropriate weighting in each case of the net assets, profitability and the firm's business prospects, pursuant to the provisions of Article L. 3332-20 of the French Labour Code;
4. authorises the Board of Directors to award future or previously issued shares or equity securities free of charge to the abovementioned recipients, in addition to the shares or equity securities to be subscribed for in cash, in order to make up for all or part of the discount on the Reference Price and/or employer's contribution, provided that the benefit resulting from this allocation does not exceed the legal or regulatory limits, pursuant to Article L. 3332-21 of the French Labour Code;
5. resolves to eliminate the preferential subscription right of the shareholders to the securities subject to this authorisation in favour of the above-mentioned recipients; the said shareholders also waiving any right to any bonus shares or equity securities which might be allocated free of charge under this resolution;
6. resolves that the Board of Directors shall have full powers, with the option of sub-delegation under the conditions set forth by law, to implement this authority, with the option of sub-delegation, as stipulated by law, up to the limits and under the conditions specified above, in particular for the purpose of:

- preparing, as stipulated by law, a list of companies to which employees, early retirees and retirees who may subscribe to the shares or equity securities thus issued and who may qualify, if appropriate, for bonus shares or equity securities;
- deciding that applications for shares may be made directly or through company mutual funds (FCPE) or other vehicles or entities allowed under the applicable laws and regulations;
- setting the terms, particularly as regards seniority, to be met by the recipients of the capital increases;
- determining the subscription opening and closing dates;
- setting the amounts of the issues to be carried out under this authority and determining the issue prices, dates, deadlines, subscription terms and conditions and terms for payment in full, delivery and effective legal date of the securities (even if retroactive), as well as the other terms and conditions for the issues;
- if bonus shares or equity securities are awarded, to set the number of shares or equity securities to be issued, the number to be allocated to each recipient and to determine the dates, deadlines, and terms and conditions for awarding such shares or equity securities up to the limit allowed under existing laws and regulations and, in particular, to choose either to replace in full or in part the allocation of such shares or equity securities for the discounts off the Reference Price referred to above, or to charge the exchange value of such shares or equity securities to the total amount of the employer's contribution, or to combine these two possibilities;

- to take note of the capital increases carried out in the amount of the shares to be subscribed, after any reduction in the event of over-subscription;
- to charge any costs of the capital increases to the amount of the premiums associated with them;
- to enter into any and all agreements, to carry out, either directly or indirectly by an agent, any and all operations, including any formalities subsequent to the capital increases and to amend the bylaws accordingly; and
- in general, to enter into any and all agreements aimed at the successful execution of the issues planned; to take any and all measures and carry out any and all formalities required for issuing and accounting for the securities issued under this authority and to exercise the rights attached thereto or subsequent to any capital increases completed.

Sixteenth Resolution (Delegation of authority to proceed with the free allocation of existing bonus shares or those to be issued to some or all of the Group's employees)

The General Meeting, ruling under the quorum and majority conditions required for Extraordinary General Meetings, having taken note of the report by the Board of Directors and the special auditors' report:

1. hereby authorises the Board of Directors, pursuant to the provisions of Articles L. 225-197-1 *et seq*. of the French Commercial Code and L. 322-26-7 II of the French Insurance Code, to proceed, on one or more occasions, with bonus allocations of previously issued or future shares to any recipients to be determined by it among employees, or certain categories of them, of the company or companies or Groups affiliated to it under the conditions defined in Article L. 322-26-7 II of the French Insurance Code and/or the corporate secretaries referred to in Article L. 225-197-1 II, under the conditions defined below;
2. resolves that the existing or future shares issued pursuant to this authority may not account for more than 10% of share capital as at the date of the Board of Directors decision;
3. resolves that the allocation of the shares to their beneficiaries will be final following a vesting period lasting at least 2 years;
4. resolves that the period during which the beneficiaries must hold their shares is set at a minimum of 2 years with effect from the final allocation of the shares if the vesting period applied is less than 4 years, on the understanding that the Board of Directors may reduce or even cancel this holding period in respect of beneficiaries for whom the vesting period applied equals or exceeds 4 years;
5. resolves that as an exception to the above, in the event of a beneficiary's disability as classified in the second or third category of the categories provided for in Article L. 341-4 of the French Social Security Code or complete disability based on applicable foreign law, the Board of Directors may resolve that the allocation of the shares to the beneficiaries will be final prior to the end of the vesting period;
6. resolves that the Board of Directors shall determine the final durations of the vesting and holding period(s) in accordance with the limits established by the meeting, shall determine the procedures for holding the shares during the share holding period, shall make required charges to reserves, profits or issue premiums, which are available to the Company, in order to pay up the shares to be issued to the beneficiaries;
7. grants all powers to the Board of Directors for the purposes of implementing this authority and in particular:
   - to determine the identity of the beneficiaries or the classes of beneficiaries, the share allocations among the employees and/or corporate secretaries of the company or the aforementioned companies or groups, and the number of shares allocated to each of them;
   - to establish the terms and, as applicable, the criteria for allocating the shares;
   - provide for the option of suspending allocation rights temporarily;
   - to register the shares allocated free of charge to a named account in the name of their holder, stating that such shares are unavailable and the period thereof;
   - to adjust, if appropriate, the number of shares allocated free of charge required to preserve the rights of the beneficiaries based on any transactions on the Company's share capital, particularly in the event of any change in the par value of the share, of the capital increase by capitalisation of reserves, in the allocation of bonus shares, in the issue of new equity shares with pre-emptive subscription rights for shareholders, in the distribution of reserves, in issue premiums or in any other assets, in the impairment of equity or any change in the distribution of earnings through the issuance of preferred shares or any other transaction involving the shareholders' equity;
   - if new shares are issued, to charge any sums necessary to pay for the said shares, to reserves, earnings or issue premiums, to take note of the capital increases carried out under this authority and to amend the bylaws accordingly and in general to carry out any and all formalities required;
8. takes note of the fact that if new shares are issued, this authority shall entail, after the acquisition period, a capital increase by capitalisation of reserves, earnings or issue premiums for the recipients of the said shares. Accordingly, under this authority the shareholders may waive, in favour of the beneficiaries of the said shares, part of the reserves, earnings and premiums thus capitalised as well as their preferential share rights over the shares to be issued during the final share allocation period;
9. resolves that this authority is granted for a period of twenty-six months with effect from this meeting and terminates, with immediate effect, in respect of the unused portion, the authority granted by the Combined General Meeting of 25 May 2011, in its 21st Resolution.

Within the scope of responsibilities of the Combined General Meeting

Seventeenth Resolution (Powers for formalities)

The General Meeting, ruling under the required quorum and majority conditions for Ordinary General Meetings, grants full powers to the bearer of a copy or an extract of these minutes in order to carry out any formalities necessary.

7.4 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT, FINANCIAL DISCLOSURES AND FOR AUDITING THE FINANCIAL STATEMENTS

7.4.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr Thierry Martel, Chief Executive Officer of Groupama SA

7.4.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby declare, after taking every reasonable measure for this purpose, that the information contained in this registration document is, to my knowledge, a true reflection of the facts and does not contain any omissions liable to alter the scope thereof.

I hereby declare that, to my knowledge, the financial statements were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and the earnings of the Company and of all the companies included in its scope of consolidation, and the information disclosed in the management report presented under section 5.1 presents a true and fair view of the business trends affecting the Company and of the results and financial position of the Company and of all the companies included in its scope of consolidation as well as a description of the principal Risks and uncertainties they face.

I have received from the statutory auditors an end-of-engagement letter in which they indicate that they have audited the information on the Company's financial position and the financial statements given in this registration document and read the whole of the registration document.

The statutory auditors prepared a report on the consolidated financial statements for the year ended 31 December 2011 and set forth in the registration document n° D12-0466 filed with the AMF on 27 April 2012. This report, which enclosed the following comment, is disclosed on pages 276 and 277 of that registration document:

"Without qualifying our opinion, we draw your attention to Note 1 "Significant and post-balance sheet events" to the consolidated financial statements which describes measures taken by Groupama to strengthen solvency as a consequence of the effects of the financial crisis and the impact of these measures on the Group's situation with regard to the assumption of going concern."

The statutory auditors prepared a report on the consolidated financial statements for the year ended 31 December 2010 and set forth in the registration document n° D11-0303 filed with the AMF on 14 April 2011. This report, which enclosed a comment is disclosed on pages 278-279 of that registration document.

Paris, 24 April 2013
Chief Executive Officer
Thierry Martel

7.4.3 PERSON RESPONSIBLE FOR THE FINANCIAL DISCLOSURE

- Mr Christian Collin

  Deputy Chief Executive Officer

  Telephone: 01.44.56.35.00

  Address: 8-10, rue d'Astorg – 75008 Paris (registered office).

7.4.4 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

7.4.4.1 Statutory auditors

Members of the Versailles regional auditors' institute

- PricewaterhouseCoopers Audit

  Represented by Eric Dupont and Christine Billy

  Crystal Park

  63, rue de Villiers

  92208 Neuilly-sur-Seine

  Appointed by the General Meeting of 18 December 2003 – mandate renewed by the General Meeting of 25 May 2011 for a period expiring at the close of the General Meeting ruling on the financial statements for the year ended 31 December 2016.

- Mazars

  Represented by Jean-Claude Pauly and Maxime Simoen

  Tour Exaltis

  61, rue Henri Régnault

  92400 Courbevoie

  Appointed by the General Meeting of 12 September 2000 – mandate renewed by the General Meeting of 29 June 2006 and 30 May 2012 for a period expiring at the close of the General Meeting ruling on the financial statements for the year ended 31 December 2017.

7.4.4.2 Deputy Auditors

Members of the Versailles regional auditors' institute

- Mr Yves Nicolas

  Crystal Park

  63, rue de Villiers

  92208 Neuilly-sur-Seine

  Appointed by the General Meeting of 25 May 2011 for a period expiring at the close of the General Meeting ruling on the financial statements for the year ended 31 December 2016.

- Mr Michel Barbet-Massin

  Tour Exaltis

  61, rue Henri Régnault

  92400 Courbevoie

  Appointed by the General Meeting of 12 September 2000 – mandate renewed by the General Meeting of 29 June 2006 and 30 May 2012 for a period expiring at the close of the General Meeting ruling on the financial statements for the year ended 31 December 2017.

7.5 DOCUMENTS AVAILABLE TO THE PUBLIC

All the statements by the Company and the annual reports, including in particular the historical financial information on the Company, are available on the Company's website at the following address: www.groupama.com, "Finance" – under "Financial information", and a copy can be obtained at the Company's registered office at 8-10 rue d'Astorg – 75008 Paris.

The bylaws of the Company as well as the minutes of General Meetings, auditors' reports and parent company and consolidated financial statements can be reviewed at the Company's registered office: 8-10, rue d'Astorg – 75008 Paris, in the Legal Department.

GLOSSARY

ACTUARIAL RESERVES

Sums which the insurer must record as liabilities on its balance sheet, corresponding to its commitments to policyholders.

ON A LIKE-FOR-LIKE BASIS

On a like-for-like basis means that the information related to the period of the relevant fiscal year are adjusted using the exchange rate applicable for the same period of the previous fiscal year (constant exchange rate), eliminating the income from acquisitions, disposals and changes in scope of consolidation (constant scope) and cancelling changes in accounting methods (constant methodology) in one of the two periods compared.

COMBINED RATIO

The combined ratio of Groupama SA is the ratio:

- of the total claims expense net of reinsurance and operating costs;
- to the premiums earned net of reinsurance.

CONVEXITY

This notion supplements the notion of duration, which does not contain any information on the dispersion of flows, the duration of which is calculated. In some cases, this may be a poor approximation of the sensitivity to a distortion (and not only a simple conversion) or to a pronounced conversion in the yield curve Schematically the sequence of identical flows – one in period 0 and the other in period 10 – will have the same duration as a single flow in period 5.

Notions of duration and convexity are used when attempting to back liabilities with bonds. The process of backing liabilities with bonds is much more precise when the bond portfolio has a duration and convexity close to those of the liabilities.

DURATION

The duration of a bond corresponds to the average duration of the funds generated by it weighted by their current values. On this order of magnitude, the value of the bond can be understood in terms of its sensitivity to conversions in the yield curve by extension, any flow sequence can be calculated, particularly those related to insurance liabilities based on projections of such flows.

ECONOMIC OPERATING PROFIT

Groupama SA's economic operating profit corresponds to the net profit, including any capital gains or losses on the share going to the shareholder, variations in fair value and one-time activities, net of corporate income tax.

GROUP INSURANCE

A category of insurance allowing a legal entity called an underwriter to underwrite a policy with an insurance company for the purpose of having a group of persons join who are united by similar ties.

GUARANTEED RATES POLICY

Policy under which the insurer promises under contract to pay interest on the capital built up at a certain rate.

INDIVIDUAL INSURANCE

A category of life and health insurance under which an individual can take out an insurance policy (death, life) with an insurance company.

LIFE AND HEALTH INSURANCE

Policies covering a personal risk. These policies include life and death insurance but also all risks affecting the physical integrity of the person due to accident or illness (disability, long-term care, healthcare reimbursement costs, etc.).

LONG-TERM CARE POLICY

Policy designed to cover the risk of the loss of independence by the elderly.

MULTI-VEHICLE POLICY

Insurance policy whose redemption value or the service paid by the insurer is denominated in euros and unit-linked assets The policyholder (or member) generally has a choice of currency in which he wishes to invest his premiums (in euros or in unit-linked assets) and may, depending on the possibilities provided under the policy, request that the initial choice be changed (arbitrage).

POLICY IN EUROS

Policy under which the redemption value or the service paid by the insurer are denominated in euros.

PROFIT-SHARING

In life insurance and capitalisation, insurance companies include their policy-holders in their earnings by redistributing them.

RECURRING FINANCIAL MARGIN

Recurring financial margin accounts for the income from investments minus investment expenses.

ROE (RETURN ON EQUITY)

The ROE of Groupama SA is the financial ratio equal to the quotient of the Net result (group share) of the average shareholders' equity, excluding the revaluation reserves and the fair value effect. It represents return on the funds invested by shareholders.

RUN-OFF

Discontinued operations for which the premium income consists exclusively of periodic premiums associated with old subscriptions.

STATUTORY SOLVENCY MARGIN

Minimum risk coverage related to the insurance business required by oversight agencies to protect the interests of policy-holders.

UNIT-LINKED POLICY

Insurance policy for which the redemption value and the service paid by the insurer are expressed not in euros but in another unit of value, generally in the number of shares or mutual fund units. Thus the exchange value in euros of the insurer's commitment depends on changes in the securities comprising the mutual fund on the financial markets.

CONCORDANCE TABLE WITH THE HEADINGS REQUIRED BY EU REGULATION N° 809/2004

The concordance table below refers to the principal items required by EU Regulation 809/2004 (Schedule 1) pursuant to the "Prospectus" directive.

Items in Schedule 1 of EU Regulation 809/2004		Page of the registration document
1.	**Persons responsible**	**355 to 356**
2.	**Auditors**	**356**
3.	**Selected financial information**	
3.1	Historical financial information	8 to 10
3.2	Interim financial information	NA
4.	**Risk factors**	**95 to 119**
5.	**Information about the issuer**	
5.1	History and development of the Company	4 to 5 and 332
5.2	Investments	125 to 127, 167 to 169, 297 to 299
6.	**Business overview**	
6.1	Principal activities	15 to 22, 96 to 97, 127 to 143, 245 to 246
6.2	Principal markets	15 to 22, 127 to 143, 245 to 246
6.3	Exceptional factors that had an impact on the information provided under 6.1 and 6.2	NA
6.4	Any dependence on patents, licenses, industrial, commercial or financial contracts	NA
6.5	The basis for any statement made by the issuer regarding its competitive position	15 to 22
7.	**Organisational structure**	
7.1	Brief description of the Group and the issuer's position within the Group	5 to 7
7.2	List of major subsidiaries	6
8.	**Property, plant and equipment**	
8.1	Material existing or planned property, plant and equipment	158 and 193 to 198
8.2	Environmental issue that can affect the use of property, plant and equipment	NA
9.	**Review of financial position and results**	
9.1	Financial position	127 to 143, 157 to 158
9.2	Operating income	127 to 143
10.	**Cash and capital**	
10.1	Information on the capital of the issuer	142, 145, 157 to 158, 164
10.2	Source and amount of cash flows	143, 157 to 158, 165
10.3	Borrowing terms and financing structure	143, 157 to 158, 235 to 236
10.4	Information concerning any restrictions on the use of the capital that have influenced or that may influence noticeably transactions by the issuer	NA
10.5	Sources of funding expected to honour commitments	157 to 158, 235 to 236
11.	**Research and development, patents and licenses**	**NA**
12.	**Information on trends**	**61 to 62, 127, 155**
13.	**Earnings forecasts or estimates**	**NA**
14.	**Administrative, management, and supervisory bodies and General Management**	
14.1	Information concerning the members of the administrative and management bodies	24 to 44, 337 to 344
14.2	Conflicts of interest in the administrative, management and supervisory bodies and the General Management	44
15.	**Compensation and benefits**	
15.1	Amount of compensation and in-kind benefits paid	53 to 60, 145 to 146

Items in Schedule 1 of EU Regulation 809/2004		Page of the registration document
15.2	Total amount of the sums funded or recorded for the payment of pensions, retirement or other benefits	60
16.	**Operating methods of the administrative and management bodies**	
16.1	Expiration dates of current terms of office	25 to 43, 45
16.2	Service contracts between the members of the managing bodies to the issuer or to any of its subsidiaries	44
16.3	Information on the operating methods of the corporate governance bodies	45 to 52, 337 to 344
16.4	Compliance with the corporate governance system in force	46
17.	**Employees**	
17.1	Number of employees	10 to 13
17.2	Profit sharing and stock options	13, 347
17.3	Agreement for employee profit-sharing in the equity of the issuer	346
18.	**Principal shareholders**	**145, 347**
19.	**Related party transactions**	**92 to 94, 275 to 282**
20.	**Financial information on the assets, the financial position and the results of the issuer**	
20.1	Historical financial information	160 to 289
20.2	Pro forma *financial information*	NA
20.3	Parent company financial statements	292 to 328
20.4	Audits of the annual historical financial information	290 to 291, 329 to 330
20.5	Date of the latest financial information	160
20.6	Interim financial and other information	NA
20.7	Dividend distribution policy	156
20.8	Legal and arbitration proceedings	158
20.9	Significant changes in the Group's financial or commercial position	125 to 127
21.	**Additional information**	
21.1	Share capital	333, 344 to 346
21.1.1	Total share capital	344
21.1.2	Debt instruments	346
21.1.3	Shares held by the Company or its subsidiaries	346
21.1.4	Other equity instruments	346
21.1.5	Information on the conditions governing any right of acquisition and/or any obligation attached to the subscribed capital	NA
21.1.6	Information on the share capital of any group member company subject to an option	NA
21.1.7	History of the share capital over the past three years	346
21.1.8	Employee holdings of Groupama SA shares	346
21.2	Articles of association and bylaws	346
21.2.1	Corporate purpose	156, 332 to 337, 346
21.2.2	General Management of the Company	332
21.2.3	Rights, privilege, restriction attached to shares	336
21.2.4	Modification of the capital and voting rights attached to shares	337
21.2.5	General Meeting	NA
21.2.6	Provisions that might have an effect of delaying, deferring or preventing a control commitment of the issuer	336 to 337
21.2.7	Share form and transfer – Approval clause	NA
21.2.8	Conditions governing changes to capital, when the conditions are more stringent than the legal provisions	333 to 334
22.	**Major policies**	**NA**
23.	**Information from third parties, appraisal reports and interest reports**	**92, 277 to 282**
24.	**Documents available to the public**	**357**
25.	**Information on equity interests**	**285 to 289, 327 to 328**

CONCORDANCE TABLE WITH THE DISCLOSURES REQUIRED IN THE ANNUAL FINANCIAL REPORT

Disclosures required in the annual financial report		Page of the registration document
1.	**Attestation by the person responsible for the document**	**355**
2.	**Management report**	
2.1	Analysis of the results, the financial position, the risks and a list of authorisations granted for capital increase purposes to the parent company and the consolidated entity (Articles L. 225-100 and L. 225-100-2 of the Commercial Code)	122 to 155
2.2	Information required by Article L. 225-100-3 of the Commercial Code on factors liable to have an effect in the event of a public offer	NA
2.3	Information on share buybacks (Article L. 225-211, paragraph 2 of the Commercial Code)	NA
3.	**Financial statements**	
3.1	Annual financial statements	292 to 328
3.2	Auditors' report on the annual financial statements	329 to 330
3.3	Consolidated financial statements	160 to 289
3.4	Auditors' report on the consolidated financial statements	290 to 291

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