INSURING TOMORROW WITH CONFIDENCE

Groupama SA
Half Year Financial Report
June 30, 2016

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ACTIVITY REPORT
HALF-YEAR 2016

The Group's combined financial statements and the consolidated financial statements of Groupama S.A. for the first half of 2016 were approved by the Board of Directors of Groupama S.A. at the meeting chaired by Jean-Yves Dagès on 31 August 2016. The half-year financial statements underwent a limited review by the statutory auditors.

The Group's combined financial statements include all business of the Group as a whole (i.e. the activity of the regional mutuals and of the subsidiaries consolidated within Groupama S.A.). The consolidated financial statements of Groupama S.A. include the business of all subsidiaries as well as internal reinsurance (nearly 35% of the premium income of the regional mutuals ceded to Groupama S.A.).

The following analysis covers the combined scope.

Business activity focused on profitable growth

At 30 June 2016, Groupama's combined premium income stood at €9.2 billion, a stable amount compared with 30 June 2015.

In property and casualty insurance, the Group generated €5.2 billion in premium income at 30 June 2016, a stable level compared with 30 June 2015. Premium income for life and health insurance amounted to €3.9 billion at 30 June 2016.

Breakdown of premium income by business at 30 June 2016

Premium income *in millions of euros*	30/06/2016	Change like-for-like and at constant exchange rates
Property and casualty insurance	5,174	0.0 %
Life and health insurance	3,912	-0.3 %
Financial and banking businesses	66	+2.4 %
GROUP TOTAL	**9,152**	**-0.1 %**

- **In France**

Insurance premium income in France at 30 June 2016 amounted to €7.7 billion, up 0.8% compared with 30 June 2015.

In property and casualty insurance, premium income totalled €4,189 million at 30 June 2016 (- 0.2%). Insurance for individuals and professionals remained stable at €2,447 million. The growth in home insurance (+0.6% to €785 million) and professional risks (+2.3% to €302 million) offset the decline in the motor insurance segment (-0.7% to €1,135 million). The Group's specialised subsidiaries continued their development, particularly assistance businesses (+11.3%) and legal protection (+15.2%).

In life and health insurance, premium income amounted to €3,466 million, up 2.1% compared with 30 June 2015. This change was mainly due to the increase in individual savings/pensions (+3.4%), supported by the strong development of unit-linked products (+24%) in a market down 6% (FFA), while euro-denominated savings products decreased by -7.1% on a rising market (+6% FFA). Unit-linked outstandings represented 21.8% of individual savings reserves at 30 June 2016 versus 19.7% at 30 June 2015. The first half of 2016 was also marked by sharp growth in group insurance (+12.9%), driven by group health insurance (+28%), under the effect of the rise in "ANI" policies. Groupama is France's number 1 player on this market segment with 55,000 "ANI" policies since the law came into force on 1 January 2016.

- **International**

International premium income amounted to €1.4 billion at 30 June 2016, down 5.0% on a like-for-like basis and with constant exchange rates compared with 30 June 2015.

In property and casualty insurance, premium income was up +0.8% from the previous period at €985 million at 30 June 2016. This change was mainly due to the good performance of the agricultural business segment (+20.1%) particularly in Turkey, home insurance (+1.4%), and the growth in business activities with companies and local authorities (+1.2%), which offset the decrease in motor insurance (-3.3%), particularly in Italy.

In life assurance, premium income decreased by -15.8% to €446 million, particularly following the decline in the individual savings/pensions business (-25.9%). In accordance with the targeted development strategy, the Group favours unit-linked policies over euro-denominated policies, which saw a decrease in inflows, especially in Italy. Individual and group health insurance gained 8.9% compared with 30 June 2015.

Breakdown of international premium income at 30 June 2016

Premium income *in millions of euros*	30/06/2016	Change like-for-like and at constant exchange rates
Italy	727	-13.5 %
Turkey	258	+7.8 %
Hungary	187	+3.4 %
Romania	97	+13.6 %
Greece	68	-10.1 %
Other	94	+10.6 %
International insurance	**1,431**	**-5.0%**

- **Financial and banking businesses**

The Group's premium income was €66 million, including €63 million from Groupama Asset Management and €3 million from Groupama Epargne Salariale.

On 22 April 2016, Orange and Groupama signed an agreement that aims to enable the development of an innovative, 100% mobile banking service. The completion of this transaction is expected during the third quarter of 2016.

Economic operating income of €92 million

The Group's economic operating income amounted to €92 million at 30 June 2016.

Economic operating income from insurance increased by €16 million to +€143 million at 30 June 2016, despite an unfavourable environment:
- the persistence of low rates, which continued to have a high negative impact of €61 million after taxes,
- a first half of 2016 marked by a higher severe and weather-related loss experience, particularly the floods and storms in the Greater Paris region and the central and north-eastern regions of France from 26 May to 7 June, with an estimated cost of €1 billion for the entire market. Groupama set up its system to provide support to its members and customers as soon as possible. This bad weather cost the Group a total of €113 million before reinsurance.

In property and casualty insurance, economic operating income amounted to €72 million at 30 June 2016 compared with €99 million for the previous period. The non-life net combined ratio was 99.9% at 30 June 2016 versus 98.7% at 30 June 2015. This change takes into account the increase in weather-related and severe claims (+3.0 points). The cost ratio was stable at 28.3%.

In life and health insurance, economic operating income amounted to €71 million at 30 June 2016 compared with €28 million at 30 June 2015, an increase of +€43 million (+€39 million in France and +€3 million internationally). This growth in France resulted from the improved loss experience in the health and bodily injury businesses and the increased income from the life insurance business as a direct consequence of the development of unit-linked policies in recent years.

The reconciliation from economic operating income to net income incorporates non-recurring items of -€23 million at 30 June 2016 versus +€150 million at 30 June 2015. This change is explained primarily by the sharp decrease in realised capital gains over the first half of 2016 compared with the first half of 2015 (divestment of Mediobanca and Veolia securities in 2015). In addition, the unfavourable effect of the volatility of interest rate markets on the value of financial instruments recognised at fair value through profit and loss impacted especially incomes from banking and holding company businesses.

Overall, the Group's net income amounted to €69 million at 30 June 2016.

A solid balance sheet

The Group's shareholders' equity totalled €8.6 billion at 30 June 2016 compared with €8.2 billion at 31 December 2015.

It includes the first "certificats mutualistes" issued by Groupama for €78 million. After a first issue of "certificats mutualistes" by Groupama Rhône Alpes Auvergne in December 2015, seven other Groupama regional mutuals issued "certificats mutualistes" to their members and customers in May and June 2016. In September 2016, all the regional mutuals will have issued "certificats mutualistes". The regional mutuals have increases their financial resources to invest in the territories and strengthen a long-term quality relationship with members based on trust.

At 30 June 2016, insurance investments stood at €86.6 billion versus €83.9 billion at 31 December 2015. Unrealised capital gains reached €11.7 billion at 30 June 2016, including €8.8 billion from the bond portfolio, €0.7 billion from the equity portfolio, and €2.2 billion from real estate assets.

At 30 June 2016, subordinated debt remained stable compared with 31 December 2015. Groupama's debt to equity ratio excluding revaluation reserves was 10.1% at 30 June 2016.

The strength of the group was confirmed by the Fitch rating agency, which affirmed its BBB+ rating with a stable outlook for Groupama SA and its subsidiaries on 17 May 2016.

At 30 June 2016, the Solvency 2 coverage ratio was 239%. Groupama calculates its Solvency 2 ratio at the Group level, incorporating the transitional measure on technical reserves in accordance with the statutory provisions.

Transactions with affiliates

Transactions with affiliates are detailed in Chapter 3 of the 2015 Registration Document registered by the AMF on 28 April 2016 and available on the company's website (www.groupama.com).

The transactions with affiliates did not undergo any significant changes since 31 December 2015. The agreements set up with the regional mutuals stay identical to those presented in the 2015Registration Document in terms of both execution and size.

Risk factors

The main risks and uncertainties the Group is facing are described in chapter 4 of the 2015 Registration Document, registered by the AMF on 28 April 2016 and available on the Groupama's website (www.groupama.com).

This description of the main risks remains valid on the date of this Report for the appreciation of the major risks and uncertainties which may affect the Group by the end of the current fiscal year and no significant risks or uncertainties other than those described in the 2015 Registration Document are anticipated.

Key figures

Groupama S.A. key figures - consolidated financial statements

A/ Premium income

in millions of euros	30/06/2015 Reported premium income	30/06/2015 Pro forma premium income*	30/06/2016 Reported premium income	2016/2015 Change ** *as %*
> France	**4,470**	**4,470**	**4,596**	**2.8%**
Life and health insurance	2,224	2,224	2,320	4.3%
Property and casualty insurance	2,246	2,246	2,276	1.3%
> International & Outre-mer	**1,569**	**1,506**	**1,431**	**-5.0%**
Life and health insurance	537	529	446	-15.8%
Property and casualty insurance	1,032	977	985	0.8%
TOTAL INSURANCE	**6,040**	**5,976**	**6,027**	**0.8%**
Financial and banking businesses	141	66	67	2.4%
TOTAL	**6,181**	**6,042**	**6,094**	**0.9%**

* based on comparable data
** Change on a like-for-like basis at constant exchange rates

B/ Economic operating income

€ million	30/06/2015	30/06/2016	2016/2015 change
Insurance - France	-4	38	42
Insurance - International	7	19	12
Financial and banking businesses	9	-3	-12
Holding companies	-20	-47	-27
Economic operating income *	**-8**	**6**	**14**

<u>Economic operating income</u>: equals net income adjusted for realised capital gains and losses, long-term impairment provision allocations and write-backs, and unrealised capital gains and losses on financial assets recognised at fair value (all such items are net of profit sharing and corporate income tax). Also adjusted are non-recurring items net of corporate income tax, impairment of value of business in force, and impairment of goodwill (net of corporate income tax).

C/ Net income

in millions of euros	30/06/2015	30/06/2016	2016/2015 change
Economic operating income	-8	6	14
Net realised capital gains adjusted forlong-term impairment losses on financial instruments	147	53	-94
Gains and losses on financial assets and derivatives booked at fair value	23	-34	-57
Other costs and income	-56	-61	-5
Net income	**108**	**-35**	**-143**

Contribution of business activities to consolidated net income

€ million	30/06/2015	30/06/2016
Insurance and services - France	66	-16
International insurance	10	40
Financial and banking businesses	11	-7
Groupama SA and holding companies	17	-16
Other	4	-37
Net income Group share	**108**	**-35**

D/ Balance sheet

in millions of euros	31/12/2015	30/06/2016
Shareholders' equity, Group share	4,811	5,738
Gross unrealised capital gains	9,102	10,660
Subordinated debt	750	750
Total balance sheet	99,345	96,048

E/ Main ratios

	30/06/2015	30/06/2016
Non-life combined ratio	102.6%	101,9%

Key figures for Groupama – combined financial statements

A/ Premium income

in millions of euros	30/06/2015 Reported premium income	30/06/2015 Pro forma premium income*	30/06/2016 Reported premium income	2016/2015 Change ** as %
> France	**7,566**	**7,592**	**7,655**	**0.8%**
Life and health insurance	3,393	3,394	3,466	2.1%
Property and casualty insurance	4,173	4,198	4,189	-0.2%
> International & Overseas	**1,569**	**1,506**	**1,431**	**-5.0%**
Life and health insurance	537	529	446	-15.8%
Property and casualty insurance	1,032	977	985	0.8%
TOTAL INSURANCE	**9,136**	**9,098**	**9,086**	**-0.1%**
Financial and banking businesses	140	64	66	2.4%
TOTAL	**9,276**	**9,163**	**9,152**	**-0.1%**

* based on comparable data
** Change on a like-for-like basis at constant exchange rates

B/ Economic operating income

in millions of euros	30/06/2015	30/06/2016	2016/2015 change
Insurance - France	103	104	+1
Insurance - International	24	38	+14
Financial and banking businesses	9	-3	-12
Holding companies	-20	-48	-28
Economic operating income	**116**	**92**	**-24**

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

C/ Net income

in millions of euros	30/06/2015	30/06/2016	2016/2015 change
Economic operating income	116	92	-24
net realised capital gains adjusted forlong-term impairment losses on financial instruments	183	68	-115
Gains and losses on financial assets and derivatives booked at fair value	30	-26	-56
Other costs and income	-63	-65	-2
Net income	**266**	**69**	**-197**

Contribution of businesses to combined net income

in millions of euros	30/06/2015	30/06/2016
Insurance and services - France	224	91
International insurance	34	40
Financial and banking businesses	11	-7
Groupama SA and holding companies	16	-19
Other	-21	-37
Net income, group share	**266**	**69**

D/ Balance sheet

in millions of euros	31/12/2015	30/06/2016
Shareholders' equity, Group share	8,219	8,599
Gross unrealised capital gains	10,156	11,663
Subordinated debt	750	750
Total balance sheet	107,295	104,698

E/ Main ratios

	30/06/2015	30/06/2016
Non-life combined ratio	98.7%	99.9%

	31/12/2015	30/06/2016
Debt-to-equity ratio	10.2%	10.1%
Solvency 2 margin*	263%	239%

** incorporating the transitional measure on technical reserves in accordance with the statutory provisions*

CONSOLIDATED FINANCIAL STATEMENTS
GROUPAMA SA
30 JUNE 2016
IFRS

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FINANCIAL STATEMENTS

GROUPAMA SA
CONSOLIDATED BALANCE SHEET (in millions of euros)

ASSETS		30.06.2016	31.12.2015
Goodwill	Note 2	2,152	2,167
Other intangible assets	Note 3	233	239
Intangible assets		**2,385**	**2,407**
Investment property excluding unit-linked items	Note 4	961	975
Unit-linked investment property	Note 7	110	105
Operating property	Note 5	512	545
Financial investments excluding unit-linked items	Note 6	71,423	68,783
Unit-linked financial investments	Note 7	7,393	6,972
Derivative instruments and separate embedded derivatives	Note 8	68	140
Insurance business investments		**80,466**	**77,519**
Funds used in banking sector activities and investments of other activities	Note 9	**51**	**4,262**
Investments in related companies and joint ventures	Note 10	**853**	**994**
Share of outward reinsurers and retrocessionnaires in liabilities relating to insurance policies and financial contracts	Note 11	**1,438**	**8,341**
Other property, plant and equipment		153	153
Deferred acquisition costs		211	195
Deferred profit-sharing assets			
Deferred tax assets	Note 13	11	224
Receivables arising from insurance and inward reinsurance operations	Note 14	2,460	1,911
Receivables arising from outward reinsurance operations		121	287
Current tax receivables and other tax receivables		222	277
Other receivables	Note 15	2,511	1,929
Other assets		**5,689**	**4,974**
Assets held for sale and discontinued business activities	Note 2	**4,652**	
Cash and cash equivalents	Note 16	**514**	**848**
TOTAL		**96,048**	**99,345**

The notes on pages 23 to 118 are an integral part of the consolidated financial statements.

GROUPAMA SA
CONSOLIDATED BALANCE SHEET (in millions of euros)

EQUITY & LIABILITIES		30.06.2016	31.12.2015
Capital		2,088	1,687
Revaluation reserves	Note 17	1,324	1,024
Other reserves		2,810	2,392
Foreign exchange adjustments		(449)	(425)
Consolidated income		(35)	133
Shareholders' equity (Group share)		**5,738**	**4,811**
Non-controlling interests		53	50
Total shareholders' equity		**5,791**	**4,861**
Reserves for contingencies and charges	Note 18	**466**	**427**
Financing debt	Note 19	**750**	**750**
Technical liabilities relating to insurance policies	Note 20	**54,573**	**53,042**
Technical liabilities relating to financial contracts	Note 21	**15,438**	**16,120**
Deferred profit-sharing liabilities	Note 12	**6,576**	**4,980**
Resources from banking sector activities	Note 9	**6**	**3,906**
Deferred tax liabilities	Note 13	317	337
Debts to holders of units of consolidated mutual funds		293	249
Operating debts to banking sector companies	Note 16	17	118
Debts arising from insurance or inward reinsurance operations		510	766
Debts arising from outward reinsurance operations		332	7,349
Current taxes payable and other tax liabilities		116	149
Derivative instrument liabilities	Note 8	834	799
Other debts	Note 22	5,747	5,492
Other liabilities		**8,166**	**15,258**
Liabilities of business activities to be sold or discontinued	Note 2	**4,283**	
TOTAL		**96,048**	**99,345**

The notes on pages 23 to 118 are an integral part of the consolidated financial statements.

GROUPAMA SA
CONSOLIDATED INCOME STATEMENT (in millions of euros)

INCOME STATEMENT		30.06.2016	30.06.2015
Written premiums	Note 23	6,027	6,039
Change in unearned premiums		(917)	(927)
Earned premiums		**5,110**	**5,112**
Net banking income, net of cost of risk		**68**	**106**
Investment income		1,133	1,242
Investment expenses		(437)	(393)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs		141	435
Change in fair value of financial instruments recorded at fair value through income		(108)	424
Change in impairment on investments		(39)	(1)
Investment income net of expenses	Note 24	**691**	**1,707**
Total income from ordinary business activities		**5,869**	**6,925**
Insurance policy servicing expenses	Note 25	(4,378)	(5,350)
Income from outward reinsurance	Note 26	176	337
Expenses on outward reinsurance	Note 26	(344)	(537)
Net outward reinsurance income and expenses		**(4,546)**	**(5,551)**
Banking operating expenses		(49)	(89)
Policy acquisition costs		(611)	(621)
Administration costs		(289)	(284)
Other current operating income and expenses		(288)	(314)
Total other current income and expenses		**(5,784)**	**(6,859)**
CURRENT OPERATING INCOME		**85**	**66**
Other non-current operating income and expenses	Note 27	(55)	(22)
OPERATING INCOME		**29**	**44**
Financing expenses	Note 28	(30)	(31)
Share in income of related companies	Note 10	(9)	(45)
Corporate income tax	Note 29	(8)	139
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES		**(17)**	**107**
Net income from discontinued business activities	Note 2	(17)	
OVERALL NET INCOME		**(34)**	**107**
of which non-controlling interests		1	(1)
OF WHICH NET INCOME (GROUP SHARE)		**(35)**	**108**

The notes on pages 23 to 118 are an integral part of the consolidated financial statements.

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

In millions of euros	30.06.2016			30.06.2015		
	Group share	Non-controlling interests	Total	Group share	Non-controlling interests	Total
Net income for fiscal year	**(35)**	**1**	**(34)**	**108**	**(1)**	**107**
Gains and losses recognised directly in shareholders' equity						
Items recyclable to income						
Change in foreign exchange adjustments	(24)		(24)	4		4
Change in gross unrealised capital gains and losses on available-for-sale assets	1,516	5	1,521	(1,357)	(3)	(1,360)
Revaluation of hedging derivatives						
Change in shadow accounting	(1,099)	(4)	(1,103)	1,058	2	1,060
Change in deferred taxes	(117)		(117)	15		15
Other changes	49		49	10	1	11
Items not recyclable to income						
Restatement of net actuarial debt from pension commitments (defined-benefit schemes)	(24)		(24)	(14)		(14)
Change in deferred taxes	8		8	5		5
Other changes						
Total gains (losses) recognised directly in shareholders' equity	**309**	**1**	**310**	**(279)**		**(279)**
Net income and gains (losses) recognised in shareholders' equity	**274**	**2**	**276**	**(171)**	**(1)**	**(172)**

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

The notes on pages 23 to 118 are an integral part of the consolidated financial statements.

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

In millions of euros	Capital	Income (Loss)	Subordinated instruments	Consolidated reserves	Revaluation reserves	Foreign exchange adjustment	Shareholders' equity (Group share)	Share of non-controlling interests	Total shareholders' equity
Shareholders' equity at 31/12/2014	**1,687**	**15**	**1,529**	**908**	**1,150**	**(406)**	**4,883**	**52**	**4,935**
Allocation of 2014 income (loss)		(15)		15					
Dividends [(1)]				(63)			(63)	(2)	(65)
Change in capital									
Business combinations									
Other			(13)				(13)		(13)
Impact of transactions with shareholders		**(15)**	**(13)**	**(48)**			**(76)**	**(2)**	**(78)**
Foreign exchange adjustments						(19)	(19)		(19)
Available-for-sale assets					(567)		(567)	(2)	(569)
Shadow accounting					466		466	2	468
Deferred taxes				(4)	(25)		(29)		(29)
Actuarial gains (losses) of post-employment benefits				14			14		14
Other				6			6	1	7
Net income for fiscal year		133					133	(1)	132
Total income (expenses) recognised over the period		**133**		**16**	**(126)**	**(19)**	**4**	**0**	**4**
Total changes over the period		**118**	**(13)**	**(32)**	**(126)**	**(19)**	**(72)**	**(2)**	**(74)**
Shareholders' equity at 31/12/2015	**1,687**	**133**	**1,516**	**876**	**1,024**	**(425)**	**4,811**	**50**	**4,861**
Allocation of 2015 income (loss)		(133)		133					
Dividends [(1)]				(45)			(45)	(2)	(47)
Change in capital	401			299			700	1	701
Business combinations								2	2
Other			(2)				(2)		(2)
Impact of transactions with shareholders	**401**	**(133)**	**(2)**	**387**			**653**	**1**	**654**
Foreign exchange adjustments						(24)	(24)		(24)
Available-for-sale assets					1,516		1,516	5	1,521
Shadow accounting					(1,099)		(1,099)	(4)	(1,103)
Deferred taxes				8	(117)		(109)		(109)
Actuarial gains (losses) of post-employment benefits				(24)			(24)		(24)
Other				49			49		49
Net income for fiscal year		(35)					(35)	1	(34)
Total income (expenses) recognised over the period		**(35)**		**33**	**300**	**(24)**	**274**	**2**	**276**
Total changes over the period	**401**	**(168)**	**(2)**	**420**	**300**	**(24)**	**927**	**3**	**930**
Shareholders' equity at 30/06/2016	**2,088**	**(35)**	**1,514**	**1,296**	**1,324**	**(449)**	**5,738**	**53**	**5,791**

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

In millions of euros	Capital	Income (Loss)	Subordinated instruments	Consolidated reserves	Revaluation reserves	Foreign exchange adjustment	Shareholders' equity (Group share)	Share of non-controlling interests	Total shareholders' equity
Shareholders' equity at 31/12/2014	**1,687**	**15**	**1,529**	**908**	**1,150**	**(406)**	**4,883**	**52**	**4,935**
Allocation of 2014 income (loss)		(15)		15					
Dividends (1)				(31)			(31)	(2)	(33)
Change in capital									
Business combinations									
Other			(13)				(13)		(13)
Impact of transactions with shareholders		**(15)**	**(13)**	**(16)**			**(44)**	**(2)**	**(46)**
Foreign exchange adjustments						4	4		4
Available-for-sale assets					(1,357)		(1,357)	(3)	(1,360)
Shadow accounting					1,058		1,058	2	1,060
Deferred taxes				5	15		20		20
Actuarial gains (losses) of post-employment benefits				(14)			(14)		(14)
Other				10			10	1	11
Net income for fiscal year		108					108	(1)	107
Total income (expenses) recognised over the period		**108**		**1**	**(284)**	**4**	**(171)**	**(1)**	**(172)**
Total changes over the period		**93**	**(13)**	**(15)**	**(284)**	**4**	**(215)**	**(3)**	**(218)**
Shareholders' equity at 30/06/2015	**1,687**	**108**	**1,516**	**893**	**866**	**(402)**	**4,668**	**49**	**4,717**

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

The notes on pages 23 to 118 are an integral part of the consolidated financial statements.

GROUPAMA SA
CASH FLOW STATEMENT (in millions of euros)

CASH FLOW STATEMENT	30.06.2016	30.06.2015
Operating income before taxes	29	44
Capital gains (losses) on the sale of investments	(113)	293
Net allocations to amortisation and depreciation	69	78
Change in deferred acquisition costs	(17)	(20)
Change in impairment	38	(715)
Net allocations to technical liabilities related to insurance policies and financial contracts	8,251	1,748
Net allocations to other reserves	38	6
Change in fair value of financial instruments and investments recognised at fair value through income (excluding cash and cash equivalents)	108	(424)
Other non-cash items included in operating income	13	3
Correction of items included in operating income other than monetary flows and reclassification of financial and investment flows	**8,387**	**969**
Change in operating receivables and payables	(7,697)	(638)
Change in banking operating receivables and payables	17	(48)
Change in repo and reverse-repo securities	405	(203)
Cash flows from other assets and liabilities	(552)	(6)
Net tax paid	(48)	3
Net cash flows from operating activities	**541**	**121**
Acquisitions/divestments of subsidiaries and joint ventures, net of cash acquired		
Stakes in related companies acquired/divested	44	21
Cash flows due to changes in scope of consolidation	**44**	**21**
Net acquisitions of financial investments (including unit-linked investments) and derivatives	(1,471)	(280)
Net acquisitions of investment property	69	(20)
Net acquisitions and/or issues of investments and derivatives relating to other activities		
Other non-cash items	50	42
Cash flows from acquisitions and issues of investments	**(1,352)**	**(258)**
Net acquisitions of property, plant and equipment, intangible assets and operating property	(63)	(46)
Cash flows from acquisitions and disposals of property, plant and equipment and intangible assets	**(63)**	**(46)**
Net cash flows from investment activities	**(1,371)**	**(283)**
Membership fees		
Issue of capital instruments	700	
Redemption of capital instruments	(2)	(13)
Transactions involving own shares		
Dividends paid [(1)]	(47)	(33)
Cash flows from transactions with shareholders and members	**651**	**(46)**
Cash allocated to financial debt		(1)
Interest paid on financial debt	(30)	(31)
Cash flows from group financing	**(30)**	**(32)**
Net cash flows from financing activities	**621**	**(78)**

Cash and cash equivalents at 1 January	**890**	**1,279**
Net cash flows from operating activities	541	121
Net cash flows from investment activities	(1,371)	(283)
Net cash flows from financing activities	621	(78)
Cash flows from sold or discontinued assets and liabilities	(180)	
Effect of foreign exchange changes on cash	(2)	(3)
Cash and cash equivalents at 30 June	**499**	**1,036**

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

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

CASH FLOW STATEMENT	30.06.2016
Cash and cash equivalents	848
Cash, central bank, postal bank and accounts receivable from banking businesses	160
Operating debts to banking sector companies	(118)
Cash and cash equivalents at 1 January 2016	**890**
Cash and cash equivalents	514
Cash, central bank, postal bank and accounts receivable from banking businesses	2
Operating debts to banking sector companies	(17)
Cash and cash equivalents at 30 June 2016	**499**

The notes on pages 23 to 118 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT EVENTS AND POST-BALANCE SHEET EVENTS

HIGHLIGHTS IN THE FIRST HALF OF 2016

Groupama SA's capital increase

At the end of February 2016, all of the regional mutuals simultaneously participated in a capital increase of Groupama Holding for €675 million and Groupama Holding 2 for €25 million.

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

Proposed remutualisation of Groupama's central body

As part of the review of the draft law "Sapin 2" relating to transparency, fight against corruption and modernisation of the economy, an amendment was tabled for review by the Finance Committee of the National Assembly on 24 May 2016, whose aim is to change the legal governing structure of Groupama by transforming Groupama SA, the group's central body, into a national mutual agricultural reinsurance group with the status of a mutual insurer.

This plan is in line with Groupama's strategy to reaffirm its mutual insurer identity and would give its central body the same legal form and the same operating principles as its regional mutuals, thereby strengthening the consistency of its governance. Its effect would be to simplify the group's organisation without changing the responsibilities of the central body conferred by the law of July 2013. In financial terms, this plan would not change the group's solvency or its commitments to its debt holders.

The implementation could start after the enactment of the law and be completed within 18 months as prescribed by law.

Joint Arrangements

On 22 April 2016, Orange and Groupama signed an agreement to develop an unprecedented 100% mobile banking offering. This agreement follows the exclusive negotiations conducted by the two groups since January and will result in Orange's acquisition of a 65% stake in Groupama Banque, with Groupama retaining 35%.

Thanks to the contribution of both partners, the bank, expected to be named Orange Bank, will launch a banking offering in France specifically adapted to mobile use in 2017. This offering will be marketed under the Orange brand in the Orange distribution network and under the Groupama brand in the Groupama distribution networks.

Sale of the stake in Cegid

On 18 April 2016, alongside ICMI, a holding company owned by Jean-Michel Aulas, founder and Chairman of Cegid Group ("Cegid"), Groupama announced that it entered into an agreement with the Silver Lake – AltaOne consortium to sell its stake in Cegid for €154.5 million. The finalisation of this transaction, subject to the approval of the supervisory authorities, took place on 8 July 2016. The gain from the sale will be around €70 million.

Groupama is an anchor investor in Cegid (consolidated in the group's accounts under the equity method) through its Groupama SA and Groupama Gan Vie entities. Since 2007, Groupama has built a financial and industrial partnership with Cegid enabling them to serve a multitude of mutual clients, particularly with regard to the accounting profession and its VSE/PME clients.

The Silver Lake - AltaOne consortium proposal, which fully values the work and potential of Cegid, is a sale opportunity that Groupama decided to take advantage of, while continuing to incorporate the industrial side of its partnership with Cegid into its strategy. In agreement with the new shareholders, Groupama would continue and develop this partnership in the years to come.

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

On 23 May 2016, Icade's general meeting approved the merger/takeover of Holdco SIIC by Icade. At the end of this operation, Caisse des Dépôts and Groupama became direct shareholders of Icade, with Caisse des Dépôts holding approximately 39% of Icade's capital and Groupama holding approximately 13%.
Given its representation on the board and Groupama's weight in the governance, the group maintains its significant influence over Icade.

Financial rating

On 17 May 2016, the rating agency Fitch confirmed its rating for Groupama SA and its subsidiaries at BBB+ with a stable outlook.

Inclement weather

The first half of 2016 was marked by the floods and storms in the Greater Paris region and the central and north-eastern regions of France from 26 May to 7 June, with an estimated cost of €1 billion for the entire market. Groupama set up its system to provide support to its members and customers as soon as possible. This bad weather cost the Group a total of €113 million before reinsurance. Caisse Centrale de Réassurance (CCR) covered 50% of the cost in municipalities declared natural disasters. Net of taxes and reinsurance, the cost for the group totalled €56 million.

POST-BALANCE SHEET EVENTS

Carole Nash

On 5 August, Groupama signed an agreement to sell its subsidiary Carole Nash. This transaction is subject to obtaining the local regulatory authorisations and is expected to be finalised in 2016.

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 at 30 June 2016 was as follows:

- 92.01% by Groupama Holding;
- 7.96% by Groupama Holding 2;
- 0.03% by the former and current agents and employees of Groupama SA (directly or through collective employee shareholding plans – FCPEs).

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

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

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

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

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

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

The various entities of the Group are connected:

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

2.2. GENERAL PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements at 30 June 2016 were approved by the Board of Directors, which met on 31 August 2016.

For the purposes of preparing the consolidated financial statements, the financial statements of each consolidated entity are prepared consistently and in accordance with the International Financial Reporting Standards and the interpretations applicable at 30 June 2016 as adopted by the European Union, the principal terms of which are applied by GROUPAMA as described below.

The standards and interpretations with mandatory application for fiscal years opened on or after 1 January 2016 have been applied for the preparation of the Group's financial statements at 30 June 2016. They had no significant effect on the Group's financial statements at 30 June 2016. They are listed below:

- amendment to IAS 19: Employee contributions to defined benefit plans;
- amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation;
- amendments to IFRS 11: Acquisition of a share in a joint venture;
- amendments to IAS 16 and IAS 41: Bearer plants;
- amendment to IAS 1 "Disclosure initiative": Presentation of financial statements.

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

The interim financial statements have been prepared in accordance with IAS 34, in condensed form.

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

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

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

In the notes, all amounts are stated in millions of euros unless specified otherwise. These amounts are rounded. Rounding differences may exist.

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

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

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

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

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

2.3. CONSOLIDATION PRINCIPLES

2.3.1. Scope and methods of consolidation

A company is included in the consolidation scope once its consolidation, or that of the sub-group which it heads, whether on a stand-alone basis or with other consolidated businesses, is material in relation to the consolidated financial statements of all companies included in the scope of consolidation.

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

➢ **Consolidating company**

A consolidating company is one that exclusively or jointly controls other companies, regardless of their form, or that has a considerable influence over other companies.

➢ **Controlled entities**

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

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

Full integration comprises:

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

➢ **Related companies and joint ventures**

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

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

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

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

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

- **Deconsolidation**

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

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

2.3.2 Changes in scope of consolidation

Changes in the scope of consolidation are described in Note 31 of the notes to the financial statements.

2.3.3. Uniformity of accounting principles

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

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

2.3.4. Conversion of financial statements of foreign companies

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

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

2.3.5 Internal transactions between companies consolidated by GROUPAMA SA

All transactions within the Group are eliminated.

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

Inter-company transactions involving the following must be therefore eliminated:

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

3. ACCOUNTING PRINCIPLES AND VALUATION METHODS USED

3.1 INTANGIBLE ASSETS

3.1.1 Goodwill

Goodwill on first-time consolidation corresponds to the difference between the acquisition cost of the securities of consolidated companies and the Group's share in restated shareholders' equity 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 at the acquisition date, revalued for any intangible assets identified in the acquisition accounting according to revised IFRS 3 (fair value of assets and liabilities acquired). The price paid is the best possible estimate of the price supplements (earn-outs, payment deferrals, etc.).

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

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

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

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

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

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

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

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

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

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

Residual goodwill is not amortised, but is subject to an impairment test at least once a year on the same date. The Group reviews the goodwill's book value in case of an unfavourable event occurring between two annual tests. Impairment is recorded when the recoverable amount of the cash generating unit to which the goodwill is allocated is less than its net book value. Recoverable value is defined as fair value less cost of sales, or value in use, whichever is higher.

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

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

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

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

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

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

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

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

3.1.2 Other intangible assets

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

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

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

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

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

Start-up costs are expensed rather than capitalised.

3.2 INSURANCE BUSINESS INVESTMENTS

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

3.2.1. Financial assets

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

- **Classification**

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

- There are two types of assets at fair value through income:
    - Investments held for trading, which are investments for which the management intention is to generate income in the short term. If there have been short-term sales in the past, such assets may also be classified in this category,
    - Financial assets designated as optional (held for trading or fair value option), provided they comply with the following criteria:
        - asset/liability matching to avoid any accounting mismatch;
        - hybrid instruments including one or more embedded derivatives;
        - group of financial assets and/or liabilities that are managed and the income of which is valued at fair value.
- Assets held to maturity include fixed-term investments that the Company expressly intends, and is able, to hold until maturity. The Group does not use this category, with the exception of certain perfectly backed portfolios that meet the criteria defined above.
- The category of loans and receivables includes assets with a defined payment or a payment that can be defined, which are not listed for trading on an active market.
- Available-for-sale assets (stated at fair value via shareholders' equity) include by default all other fixed-term financial investments, equities, loans and receivables that are not included in the other categories.

- **Reclassifications**

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

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

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

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

- **Initial recognition**

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

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

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

Repurchase transactions are maintained as assets on the balance sheet.

- **Fair value valuation methods**

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

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

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

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

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

- **Valuation rules**

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

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

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

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

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

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

- **Reserves for impairment**

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

Debt instruments classified as available-for-sale assets

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

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

Equity instruments classified as available-for-sale 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.

At 30 June 2016, 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 at the closing date; or
- the financial investment has been in a continuous unrealised loss position with respect to its book value over the last 36 months prior to the balance sheet date.

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

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

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

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

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

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

Investments valued at amortised cost

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

➢ **Derecognition**

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

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

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

3.2.2. Investment property

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

- **Initial recognition**

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

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

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

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

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

- **Valuation**

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

Each component is identified by its duration and depreciation rate.

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

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

The realisable value of investment properties is determined on the basis of the five-year independent appraisal conducted by an expert approved by domestic regulators (The French Prudential Control and Resolution Authority). During each five-year period, the real estate is subject to an annual appraisal certified by the expert.

- **Subsequent expenditure**

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

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

- **Reserves for impairment**

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

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

- **Derecognition**

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

3.3. DERIVATIVES

3.3.1. General information

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

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

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

3.3.2. Hedging derivatives

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

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

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

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

3.3.3. Embedded derivatives

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

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

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

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

3.4. INVESTMENTS IN RELATED COMPANIES AND JOINT VENTURES

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

3.5 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED ACTIVITIES

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

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

A discontinued activity is any component from which the entity is separated or that is classified as held for sale and is in one of the following situations:

- it constitutes a line of business or a major, separate geographical area; or
- it is part of a single, coordinated plan for divestment of a line of business or a major, separate geographical area; or
- it is a subsidiary acquired exclusively in order to be sold.

The following are presented on a particular line of the income statement:

- net income after taxes from discontinued activities until the transfer date;
- profit or loss after taxes resulting from the divestment and measurement at fair value less the costs of the sale of the assets and liabilities constituting the discontinued activities.

3.6 PROPERTY, PLANT AND EQUIPMENT

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

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

The depreciation methods reflect the method of economic consumption.

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

3.7 OPERATING RECEIVABLES AND PAYABLES, OTHER ASSETS AND OTHER LIABILITIES

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

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

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

3.8 CASH AND CASH EQUIVALENTS

Cash corresponds to available cash.

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

3.9 SHAREHOLDERS' EQUITY

- **Revaluation reserves**

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

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

- **Other reserves**

Other reserves consist of the following items:

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

- **Foreign exchange adjustments**

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

- **Non-controlling interests**

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

3.10 RESERVES FOR CONTINGENCIES AND CHARGES

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

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

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

➢ **Personnel benefits**

- **Pension commitment**

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

The liabilities recorded in the balance sheet for defined-benefit schemes and similar schemes correspond to the discounted value of the obligation linked to the defined-benefit schemes at closing, after deducting the closing fair value of the scheme assets.

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

The costs of past services are immediately recognised in income, regardless of whether the rights are ultimately acquired in the event of a change of pension scheme.

With regard to defined-contribution schemes, the Group pays contributions to retirement insurance schemes and is not bound by any other payment commitment. The contributions are booked as expenses related to personnel benefits when they are due. The contributions paid in advance are recorded as assets to the extent that the advance payment results in a reduction of future payments or a cash reimbursement.

3.11 FINANCIAL DEBT

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

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

- **Initial recognition**

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

- **Valuation rules**

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

- **Derecognition**

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

3.12 TECHNICAL OPERATIONS

3.12.1. Classification and method of recognition

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

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

- **Insurance policies**

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

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

- **Financial contracts**

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

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

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

3.12.2 Insurance policies under IFRS 4

a. Non-life insurance policies

- **Premiums**

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

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

- **Insurance policy servicing expenses**

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

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

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

  - **Reserves for unearned premiums**

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

  - **Reserves for unexpired risks**

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

On the interim balance sheet date, for a given family of risks, the loss experience may present a non-uniform profile for the period, resulting in a technical loss on the fraction of deferred premiums.

To understand the phenomenon, an adequacy test is performed and, in the event of a loss, an additional reserve is recognised in the amount of the gap.

The test is conducted based on the last update of the annual forecast for loss experience and costs for this family of risks.

The loss corresponds to the insufficiency of deferred premiums over the period following the interim closing, relative to the projected claims and expenses relating to these premiums. The calculation is performed on the net reinsurance amounts.

  - **Outstanding claims reserves**

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

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

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

❖ **Other underwriting reserves**

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

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

➢ **Deferred acquisition costs**

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

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

➢ **Premiums**

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

➢ **Insurance policy servicing expenses**

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

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

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

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

❖ **Actuarial reserves**

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

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

❖ **Profit-sharing reserve**

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

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

For the portion exceeding the regulatory and contractual minimum, the current contract profit-sharing expense is determined in the interim accounts on the basis of the estimated ratio for the current fiscal year and taking into account the decisions taken or, failing this, recognised at the close of the last fiscal year, between the projected annual contract profit-sharing expense and the projected annual net financial income. This expense is capped in the interim accounts at the amount of the projected annual financial margin.

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 financial statements 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 policies, the effects of taking into account the unrealised gains and losses on financial assets valued at fair value. Deferred profit sharing is recognised through the revaluation reserve or the income statement, depending on whether these gains and losses have been recognised in the reserve or in the income statement.

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

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

❖ Other underwriting reserves

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

➢ Deferred acquisition costs

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

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

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

The Group applies shadow accounting for deferred acquisition costs.

c. Liabilities adequacy test

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

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

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

d. Unit-linked policies under IFRS 4

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

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

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

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

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

3.12.3. Financial contracts under IAS 39

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

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

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

3.12.4. Reinsurance operations

- **Inward reinsurance**

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

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

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

- **Outward reinsurance**

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

3.13 TAXES

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

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

This is particularly the case when, because of completed transactions that are posted in either the individual company statements or only in the consolidated financial statements as restatements and eliminations of inter-company income or losses, differences will appear in the future between the tax income and the accounting income of the Company, or between the tax value and the book value of an asset or liability, for example when transactions performed during a fiscal year are taxable only in the following fiscal year. These differences are classified as timing differences.

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

All deferred tax liabilities are recognised. Deferred tax assets are recognised when their recovery is considered as “more probable than improbable”, i.e., if it is likely that sufficient taxable income will be available in the future to offset the deductible timing differences. In general, a 3-year horizon is considered to be a reasonable period to assess whether the entity can recover the capitalised deferred tax. However, an impairment charge is booked against the deferred tax assets if their recoverability appears doubtful.

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

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

3.14 SEGMENT REPORTING

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

The Group is organised into three operational segments: insurance in France, international insurance, and banking and financial businesses. The banking and financial activity segment, which is also the subject of specific notes (Notes 9.1, 9.2, and 23.3), has been grouped with the insurance segment in France in order to create an overall operational segment entitled France.

The various activities of each segment are as follows:

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

3.15 COSTS BY CATEGORY

Management fees and commissions related to insurance business are classified according to their purpose, by applying allocation keys defined based on the structure and organisation of each of the insurance entities.
Expenses are classified into the following six purposes:

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

4. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SEGMENT REPORTING

NOTE 1.1 – SEGMENT REPORTING BY OPERATING SEGMENT

NOTE 1.1.1 – SEGMENT REPORTING BY OPERATING SEGMENT – BALANCE SHEET

In millions of euros	30.06.2016			31.12.2015		
	France	International	Total	France	International	Total
Intangible assets	794	1,591	2,385	794	1,612	2,407
Insurance business investments	73,112	7,354	80,466	70,380	7,138	77,519
Funds used in banking sector activities and investments of other activities	51		51	4,262		4,262
Investments in related companies and joint ventures	687	166	853	805	189	994
Share of outward reinsurers and retrocessionnaires in liabilities relating to insurance policies and financial contracts	1,232	206	1,438	8,168	173	8,341
Other assets	4,761	928	5,689	4,133	842	4,974
Assets held for sale and discontinued business activities	4,652		4,652			
Cash and cash equivalents	351	163	514	672	176	848
Consolidated total assets	**85,640**	**10,408**	**96,048**	**89,214**	**10,130**	**99,345**
Reserves for contingencies and charges	381	84	466	344	84	427
Financing debt	750		750	750		750
Technical liabilities relating to insurance policies	49,504	5,069	54,573	47,897	5,146	53,042
Technical liabilities relating to financial contracts	13,509	1,929	15,438	14,386	1,734	16,120
Deferred profit-sharing liabilities	6,376	199	6,576	4,806	175	4,980
Resources from banking sector activities	6		6	3,906		3,906
Other liabilities	7,836	330	8,166	14,940	317	15,258
Liabilities of business activities to be sold or discontinued	4,283		4,283			
Total consolidated liabilities excluding shareholders' equity	**82,645**	**7,612**	**90,257**	**87,028**	**7,456**	**94,484**

NOTE 1.1.2 – SEGMENT REPORTING BY OPERATING SEGMENT – INCOME STATEMENT

In millions of euros	30.06.2016			30.06.2015		
	France	Inter-national	Total	France	Inter-national	Total
Earned premiums	3,838	1,272	5,110	3,719	1,393	5,112
Net banking income, net of cost of risk	68		68	106		106
Investment income	1,012	122	1,133	1,111	131	1,242
Investment expenses	(412)	(26)	(437)	(368)	(26)	(393)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	129	13	141	405	30	435
Change in fair value of financial instruments recorded at fair value through income	(102)	(6)	(108)	415	8	424
Change in impairment on investments	(38)	(1)	(39)	(1)		(1)
Total income from ordinary business activities	**4,495**	**1,373**	**5,869**	**5,388**	**1,537**	**6,925**
Insurance policy servicing expenses	(3,449)	(929)	(4,378)	(4,240)	(1,111)	(5,350)
Income from outward reinsurance	148	28	176	302	35	337
Expenses on outward reinsurance	(245)	(99)	(344)	(440)	(97)	(537)
Banking operating expenses	(49)		(49)	(89)		(89)
Policy acquisition costs	(402)	(209)	(611)	(408)	(213)	(621)
Administration costs	(209)	(80)	(289)	(203)	(82)	(284)
Other current operating income and expenses	(260)	(28)	(288)	(289)	(25)	(314)
CURRENT OPERATING INCOME	**28**	**57**	**85**	**22**	**44**	**66**
Other operating income and expenses	(45)	(10)	(55)	(11)	(10)	(22)
OPERATING INCOME	**(17)**	**47**	**29**	**10**	**34**	**44**
Financing expenses	(30)		(30)	(31)		(31)
Share in income of related companies	(3)	(6)	(9)	(31)	(14)	(45)
Corporate income tax	9	(16)	(8)	156	(17)	139
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES	**(42)**	**24**	**(17)**	**104**	**3**	**107**
Net income from discontinued business activities	(17)		(17)			
OVERALL NET INCOME	**(58)**	**24**	**(34)**	**104**	**3**	**107**
of which non-controlling interests	1		1			(1)
OF WHICH NET INCOME (GROUP SHARE)	**(59)**	**24**	**(35)**	**105**	**3**	**108**

NOTE 1.2 – SEGMENT REPORTING BY BUSINESS

NOTE 1.2.1 – SEGMENT REPORTING BY BUSINESS – INCOME STATEMENT

In millions of euros	30.06.2016									
	France					International				Total
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total	
Earned premiums	**1,669**	**2,170**			**3,838**	**840**	**432**		**1,272**	**5,110**
Net banking income, net of cost of risk			**68**		**68**					**68**
Investment income	65	946		1	1,012	54	66	2	122	1,133
Investment expenses	(23)	(382)		(8)	(412)	(16)	(9)	(1)	(26)	(437)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	30	91		7	129	10	2		13	141
Change in fair value of financial instruments recorded at fair value through income		(83)		(19)	(102)	2	(8)		(6)	(108)
Change in impairment on investments		(35)		(2)	(38)	(1)			(1)	(39)
Total income from ordinary business activities	**1,741**	**2,707**	**68**	**(21)**	**4,495**	**888**	**484**	**1**	**1,373**	**5,869**
Insurance policy servicing expenses	(1,158)	(2,291)			(3,449)	(553)	(375)		(929)	(4,378)
Income from outward reinsurance	114	34			148	24	3		28	176
Expenses on outward reinsurance	(210)	(35)			(245)	(94)	(5)		(99)	(344)
Banking operating expenses			(49)		(49)					(49)
Policy acquisition costs	(227)	(175)			(402)	(159)	(50)		(209)	(611)
Administration costs	(144)	(65)			(209)	(53)	(26)		(80)	(289)
Other current operating income and expenses	(72)	(141)		(48)	(260)	(22)	(4)	(1)	(28)	(288)
CURRENT OPERATING INCOME	**43**	**34**	**19**	**(69)**	**28**	**31**	**27**	**0**	**57**	**85**
Other operating income and expenses	(11)	(3)		(31)	(45)	(8)	(1)	(1)	(10)	(55)
OPERATING INCOME	**32**	**31**	**19**	**(100)**	**(17)**	**23**	**25**	**(1)**	**47**	**29**
Financing expenses				(30)	(30)					(30)
Share in income of related companies	(2)	(1)			(3)	(7)			(6)	(9)
Corporate income tax	(15)	(16)	(6)	45	9	(10)	(6)		(16)	(8)
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES	**15**	**14**	**13**	**(84)**	**(42)**	**6**	**19**	**(1)**	**24**	**(17)**
Net income from discontinued business activities		3	(20)		(17)					(17)
TOTAL NET INCOME	**15**	**17**	**(7)**	**(84)**	**(58)**	**6**	**19**	**(1)**	**24**	**(34)**
of which non-controlling interests		1			1					1
OF WHICH NET INCOME (GROUP SHARE)	**15**	**17**	**(7)**	**(84)**	**(59)**	**6**	**19**	**(1)**	**24**	**(35)**

In millions of euros	30.06.2015									
	France					International				Total
	Property and casualty insurance	Life and health insurance	Banking	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total	
Earned premiums	**1,650**	**2,068**			**3,719**	**874**	**520**		**1,393**	**5,112**
Net banking income, net of cost of risk			**106**		**106**					**106**
Investment income	63	1,037		12	1,111	60	70	2	131	1,242
Investment expenses	(32)	(341)		6	(368)	(17)	(7)	(1)	(26)	(393)
Capital gains or losses from disposal of investments net of impairment and depreciation write-backs	62	343			405	22	8		30	435
Change in fair value of financial instruments recorded at fair value through income	11	396		8	415	(1)	9		8	424
Change in impairment on investments					(1)					(1)
Total income from ordinary business activities	**1,754**	**3,502**	**106**	**26**	**5,388**	**938**	**599**	**1**	**1,537**	**6,925**
Insurance policy servicing expenses	(1,090)	(3,149)			(4,240)	(618)	(493)		(1,111)	(5,350)
Income from outward reinsurance	84	218			302	32	3		35	337
Expenses on outward reinsurance	(214)	(226)			(440)	(93)	(4)		(97)	(537)
Banking operating expenses			(89)		(89)					(89)
Policy acquisition costs	(229)	(179)			(408)	(163)	(49)		(213)	(621)
Administration costs	(138)	(65)			(203)	(54)	(28)		(82)	(284)
Other current operating income and expenses	(71)	(168)	1	(52)	(289)	(20)	(4)	(1)	(25)	(314)
CURRENT OPERATING INCOME	**96**	**(67)**	**18**	**(26)**	**22**	**21**	**24**	**(1)**	**44**	**66**
Other operating income and expenses	(5)	2		(8)	(11)	(9)	(1)		(10)	(22)
OPERATING INCOME	**92**	**(65)**	**18**	**(34)**	**10**	**12**	**23**	**(1)**	**34**	**44**
Financing expenses				(30)	(31)					(31)
Share in income of related companies	(2)	(29)			(31)	(14)			(14)	(45)
Corporate income tax	(23)	145	(7)	41	156	(12)	(5)		(17)	139
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES	**66**	**51**	**11**	**(24)**	**104**	**(14)**	**18**	**(1)**	**3**	**107**
Net income from discontinued business activities										
OVERALL NET INCOME	**66**	**51**	**11**	**(24)**	**104**	**(14)**	**18**	**(1)**	**3**	**107**
of which non-controlling interests	(1)									(1)
OF WHICH NET INCOME (GROUP SHARE)	**67**	**51**	**11**	**(24)**	**105**	**(14)**	**18**	**(1)**	**3**	**108**

NOTE 2 – GOODWILL

In millions of euros	30.06.2016				31.12.2015
	Gross value	Impairment	Foreign exchange adjustment	Net value	Net value
Opening value	**3,042**	**(580)**	**(295)**	**2,167**	**2,184**
Newly consolidated entities					
Eliminations from the scope of consolidation					
France	(3)			(3)	
Central and Eastern European countries			(1)	(1)	(5)
Turkey			(2)	(2)	(21)
United Kingdom			(10)	(10)	7
Other changes during the fiscal year	**(3)**		**(12)**	**(15)**	**(19)**
Closing value	**3,039**	**(580)**	**(307)**	**2,152**	**2,167**

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

Changes during the fiscal year:

The changes that affected goodwill on the balance sheet correspond to exchange-rate differences and the transfer of a share of Gan Outre Mer's goodwill in Groupama Antilles-Guyane for €3 million. This follows the contribution of Gan Outre Mer's "Antilles" portfolio to Groupama Antilles-Guyane at the end of 2015.

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 during each annual close.

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

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

During an interim close, the group conducts certain internal control work to detect any indicator of loss of value.

During the first half of 2016, no indicators of loss of value were detected.

NOTE 2.1 – GOODWILL – DETAILS BY CASH-GENERATING UNIT

In millions of euros	30.06.2016			
	Gross value	Impairment	Foreign exchange adjustment	Net value
Countries of Central and Eastern Europe	1,031	(502)	(183)	346
Italy	781			781
Turkey	262		(95)	167
United Kingdom	137	(30)	(29)	79
Greece	131	(48)		83
Total International	**2,343**	**(580)**	**(307)**	**1,456**
Groupama Gan Vie	470			470
Gan Assurances	196			196
Financial businesses, property businesses, and other insurance companies	30			30
Total France and Overseas	**696**			**696**
Closing value	**3,039**	**(580)**	**(307)**	**2,152**

In millions of euros	31.12.2015			
	Gross value	Impairment	Foreign exchange adjustment	Net value
Countries of Central and Eastern Europe	1,031	(502)	(182)	346
Italy	781			781
Turkey	262		(94)	169
United Kingdom	138	(30)	(19)	89
Greece	131	(48)		83
Total International	**2,343**	**(580)**	**(295)**	**1,468**
Groupama Gan Vie	470			470
Gan Assurances	196			196
Financial businesses, property businesses, and other insurance companies	34			34
Total France and Overseas	**699**			**699**
Closing value	**3,042**	**(580)**	**(295)**	**2,167**

It should be recalled that in fiscal years 2009 to 2012, the Group devalued goodwill by €580 million for the following cash-generating units:

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

NOTE 2.2 – BUSINESS ACTIVITIES TO BE SOLD OR DISCONTINUED

On 22 April 2016, Orange and Groupama signed an agreement to develop an unprecedented 100% mobile banking offering. This agreement follows the exclusive negotiations conducted by the two groups since January and will result in Orange's acquisition of a 65% stake in Groupama Banque, with Groupama retaining 35%. The finalisation of this transaction, expected in the third quarter of 2016, is subject to the approval of the supervisory authorities.

On 18 April 2016, alongside ICMI, a holding company owned by Jean-Michel Aulas, founder and Chairman of Cegid Group ("Cegid"), Groupama announced that it entered into an agreement with the Silver Lake – AltaOne consortium to sell its stake in Cegid for €154.5 million. After obtaining the authorisations of the competition authorities, the Silver Lake – AltaOne consortium announced on 8 July 2016 that it acquired the shares held by Groupama (Groupama SA and Groupama Gan Vie) and ICMI in Cegid Group, in accordance with the previously announced conditions.

Therefore, under the provisions of IFRS 5, Groupama Banque and CEGID are considered discontinued operations.

The application of the principles of IFRS 5 has the following effects on the financial statement at 30 June 2016:

- On the income statement: the results of Groupama Banque and CEGID are presented for an amount net of tax on the "Net income from discontinued operations" line of the income statement;

- On the balance sheet, assets and liabilities (excluding shareholders' equity and securities liaison accounts) are reclassified to the "Assets held for sale and discontinued operations" and "Liabilities from operations to be sold or discontinued" lines of the balance sheet.

Activity of Cegid

In millions of euros	30.06.2016
Intangible assets	
Insurance business investments	
Investments in related companies	79
Share of outward reinsurers and retrocessionnaires in liabilities relating to insurance policies and financial contracts	
Other assets	
Cash and cash equivalents	
Assets held for sale and discontinued business activities	**79**
Shareholders' equity – Group share	79
Minority interests	
Total shareholders' equity from business activities	**79**
Reserves for contingencies and charges	
Financing debt	
Technical liabilities relating to insurance policies	
Technical liabilities relating to financial contracts	
Deferred profit-sharing liabilities	
Other liabilities	
Shareholders' equity and liabilities of business activities to be sold or discontinued	**79**

In millions of euros	30.06.2016	30.06.2015
Earned premiums		
Investment income net of management expenses		
Other current operating income and expenses		
Current operating income		
Other operating income and expenses		
Operating income		
Financing expenses		
Share in income of related companies	3	4
Corporate income tax		
Overall net income	**3**	**4**
of which minority interests		
of which net income (group share)	**3**	**4**

Activity of Groupama Banque

In millions of euros	30.06.2016
Intangible assets	1
Insurance business investments	
Funds used in banking sector activities and investments of other business activities	4,296
Investments in related companies	
Share of outward reinsurers and retrocessionnaires in liabilities relating to insurance policies and financial contracts	
Other assets	276
Cash and cash equivalents	
Assets held for sale and discontinued business activities	**4,573**
Shareholders' equity – Group share	290
Minority interests	
Total shareholders' equity from business activities	**290**
Reserves for contingencies and charges	16
Financing debt	
Technical liabilities relating to insurance policies	
Technical liabilities relating to financial contracts	
Deferred profit-sharing liabilities	
Resources from banking sector activities	3,926
Other liabilities	341
Liabilities of business activities to be sold or discontinued	**4,573**

In millions of euros	30.06.2016	30.06.2015
Earned premiums		
Net banking income, net of cost of risk	25	39
Investment income net of management expenses		
Other current operating income and expenses	(47)	(42)
Current operating income	**(22)**	**(3)**
Other operating income and expenses		
Operating income	**(22)**	**(3)**
Financing expenses		
Share in income of related companies		
Corporate income tax	2	
Overall net income	**(20)**	**(3)**
of which minority interests		
of which net income (group share)	**(20)**	**(3)**

NOTE 3 – OTHER INTANGIBLE ASSETS

In millions of euros	30.06.2016			31.12.2015		
	Intangible assets related to insurance business	Other intangible assets	Total	Intangible assets related to insurance business	Other intangible assets	Total
Opening gross value	**500**	**1,167**	**1,667**	**508**	**1,122**	**1,630**
Increase		44	44		77	77
Decrease		(12)	(12)		(27)	(27)
Foreign exchange adjustments	(3)		(4)	(9)	(1)	(10)
Change in scope of consolidation	(1)	(37)	(38)		(4)	(4)
Closing gross value	**496**	**1,162**	**1,657**	**500**	**1,167**	**1,667**
Opening cumulative amortisation & depreciation	**(261)**	**(1,038)**	**(1,299)**	**(252)**	**(978)**	**(1,229)**
Increase	(8)	(30)	(38)	(16)	(64)	(80)
Decrease		2	2			
Foreign exchange adjustments	3		3	7		7
Change in scope of consolidation		37	37		3	3
Closing cumulative amortisation & depreciation	**(266)**	**(1,029)**	**(1,295)**	**(261)**	**(1,038)**	**(1,299)**
Opening cumulative long-term impairment	**(128)**	**(1)**	**(128)**	**(130)**		**(130)**
Long-term impairment recognised						
Long-term impairment write-backs						
Foreign exchange adjustments				2		2
Change in scope of consolidation						
Closing cumulative long-term impairment	**(128)**	**(1)**	**(128)**	**(128)**	**(1)**	**(128)**
Opening net value	**111**	**128**	**239**	**126**	**144**	**270**
Closing net value	**103**	**132**	**233**	**111**	**128**	**239**

The Group's intangible assets can be split into two groups:
- intangible assets related to insurance business
- other intangible assets.

Intangible assets related to insurance business
Intangible assets related to insurance business primarily correspond to values in force, values of the distribution networks, values of customer relationships and brands. Only the portfolio value in Italy is subject to amortisation.

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

The changes in scope are related to the reclassification of Groupama Banque's business activity to operations held for sale.

NOTE 4 – INVESTMENT PROPERTY (EXCLUDING UNIT-LINKED INVESTMENTS)

In millions of euros	30.06.2016			31.12.2015		
	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	**1,119**	**58**	**1,177**	**1,233**	**87**	**1,320**
Acquisitions	7		7	40	3	43
Change in scope of consolidation						
Subsequent expenditure						
Assets capitalised in the year	23		23	64		64
Transfer from/to unit-linked property						
Transfer from/to operating property				4		4
Foreign exchange adjustments						
Outward reinsurance	(57)		(57)	(222)	(32)	(254)
Other						
Closing gross value	**1,092**	**58**	**1,150**	**1,119**	**58**	**1,177**
Opening cumulative amortisation & depreciation	**(194)**		**(194)**	**(265)**		**(265)**
Increase	(10)		(10)	(20)		(20)
Change in scope of consolidation						
Transfer from/to unit-linked property						
Transfer from/to operating property				(1)		(1)
Decrease	23		23	92		92
Other						
Closing cumulative amortisation & depreciation	**(181)**		**(181)**	**(194)**		**(194)**
Opening cumulative long-term impairment	**(8)**	**(1)**	**(9)**	**(10)**		**(10)**
Long-term impairment recognised					(1)	(1)
Change in scope of consolidation						
Long-term impairment write-backs				2		2
Closing cumulative long-term impairment	**(8)**	**(1)**	**(9)**	**(8)**	**(1)**	**(9)**
Opening net value	**917**	**57**	**975**	**958**	**87**	**1,045**
Closing net value	**903**	**57**	**961**	**917**	**57**	**975**
Closing fair value of investment properties	**2,456**	**134**	**2,590**	**2,439**	**143**	**2,582**
Unrealised capital gains	**1,553**	**76**	**1,629**	**1,522**	**86**	**1,608**

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

Unrealised gains accruing to the Group, including property operating activities (see Note 5), amounted to €493 million at 30 June 2016 (net of profit sharing and tax), compared with €453 million at 31 December 2015.

Sales of property during the fiscal year mainly include sales of vacant lots of the group’s residential assets as well as the sale of a property in Paris.

As per the fair value hierarchy established in IFRS 13, the fair value of investment property is ranked as Level 2 for €2,521 million and Level 3 for €69 million. The Level 2 investment property comprises mainly property located in Paris, or the Greater Paris region, whose fair value is based on observable data.

NOTE 4.1 – INVESTMENT PROPERTY – BY OPERATING SEGMENT

In millions of euros	30.06.2016						31.12.2015					
	Property			SCI units			Property			SCI units		
	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	1,057	35	1,092	59		59	1,084	36	1,119	58		58
Cumulative amortisation & depreciation	(172)	(9)	(181)				(185)	(9)	(194)			
Long-term impairment		(8)	(9)	(1)		(1)		(8)	(8)	(1)		(1)
Closing net value	**885**	**18**	**903**	**58**		**58**	**899**	**18**	**917**	**57**		**57**
Closing fair value of investment properties	**2,423**	**33**	**2,456**	**134**		**134**	**2,403**	**37**	**2,439**	**143**		**143**
Unrealised capital gains	**1,538**	**15**	**1,553**	**76**		**76**	**1,504**	**18**	**1,522**	**86**		**86**

NOTE 4.2 – INVESTMENT PROPERTY BY BUSINESS

NOTE 4.2.1 – INVESTMENT PROPERTY BY BUSINESS – FRANCE

In millions of euros	30.06.2016					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty	Total
Gross value	829	228	1,057	37	21	59
Cumulative amortisation & depreciation	(140)	(32)	(172)			
Long-term impairment				(1)		(1)
Closing net value	**689**	**196**	**885**	**36**	**21**	**58**
Closing fair value of investment properties	**1,922**	**501**	**2,423**	**80**	**54**	**134**
Unrealised capital gains	**1,233**	**305**	**1,538**	**43**	**33**	**76**

In millions of euros	31.12.2015					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty	Total
Gross value	857	227	1,084	37	22	58
Cumulative amortisation & depreciation	(153)	(32)	(185)			
Long-term impairment				(1)		(1)
Closing net value	**704**	**195**	**899**	**36**	**22**	**57**
Closing fair value of investment properties	**1,924**	**478**	**2,403**	**79**	**64**	**143**
Unrealised capital gains	**1,220**	**283**	**1,504**	**43**	**43**	**86**

NOTE 4.2.2 – INVESTMENT PROPERTY BY BUSINESS – INTERNATIONAL

In millions of euros	30.06.2016					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	23	13	35			
Cumulative amortisation & depreciation	(7)	(2)	(9)			
Long-term impairment	(5)	(3)	(8)			
Closing net value	**11**	**7**	**18**			
Closing fair value of investment properties	**18**	**15**	**33**			
Unrealised capital gains	**8**	**8**	**15**			

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

NOTE 5 – OPERATING PROPERTY

In millions of euros	30.06.2016			31.12.2015		
	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	**669**	**10**	**679**	**731**	**11**	**742**
Acquisitions						
Change in scope of consolidation						
Assets capitalised in the year	1		1	2		2
Transfer from/to investment property				(4)		(4)
Foreign exchange adjustments				(1)		(1)
Outward reinsurance	(2)		(2)	(59)	(1)	(60)
Other						
Closing gross value	**667**	**10**	**678**	**669**	**10**	**679**
Opening cumulative amortisation & depreciation	**(107)**		**(107)**	**(108)**		**(108)**
Increase	(6)		(6)	(19)		(19)
Change in scope of consolidation						
Transfer from/to investment property				1		1
Decrease	1		1	19		19
Other						
Closing cumulative amortisation & depreciation	**(112)**		**(112)**	**(107)**		**(107)**
Opening cumulative long-term impairment	**(28)**		**(28)**	**(14)**		**(14)**
Long-term impairment recognised	(26)		(26)	(28)		(28)
Change in scope of consolidation						
Long-term impairment write-backs				14		14
Closing cumulative long-term impairment	**(54)**		**(54)**	**(28)**		**(28)**
Opening net value	**534**	**10**	**545**	**609**	**11**	**620**
Closing net value	**502**	**10**	**512**	**534**	**10**	**545**
Closing fair value of operating property	**721**	**17**	**738**	**738**	**17**	**755**
Unrealised capital gains	**220**	**7**	**226**	**204**	**7**	**211**

At 30 June 2016, three operating properties held by Groupama Gan Vie were the subject of allocations or additional allocations to reserves for impairment for €26 million.

NOTE 5.1 – OPERATING PROPERTY – BY OPERATING SEGMENT

In millions of euros	30.06.2016						31.12.2015					
	Property			SCI units			Property			SCI units		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross value	558	110	667	10		10	559	110	669	10		10
Cumulative amortisation & depreciation	(100)	(11)	(112)				(96)	(10)	(107)			
Long-term impairment	(54)		(54)				(28)		(28)			
Closing net value	**403**	**98**	**502**	**10**		**10**	**435**	**99**	**535**	**10**		**10**
Closing fair value of operating property	**630**	**91**	**721**	**17**		**17**	**646**	**93**	**739**	**17**		**17**
Unrealised capital gains	**227**	**(7)**	**220**	**7**		**7**	**210**	**(6)**	**204**	**7**		**7**

NOTE 5.2 – OPERATING PROPERTY BY BUSINESS

NOTE 5.2.1 – OPERATING PROPERTY BY BUSINESS – FRANCE

In millions of euros	30.06.2016					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	506	52	558	6	4	10
Cumulative amortisation & depreciation	(91)	(9)	(100)			
Long-term impairment	(54)		(54)			
Closing net value	**361**	**42**	**403**	**6**	**4**	**10**
Closing fair value of operating property	**434**	**196**	**630**	**9**	**8**	**17**
Unrealised capital gains	**73**	**154**	**227**	**3**	**4**	**7**

In millions of euros	31.12.2015					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	507	52	559	6	5	10
Cumulative amortisation & depreciation	(87)	(9)	(96)			
Long-term impairment	(28)		(28)			
Closing net value	**392**	**43**	**435**	**6**	**5**	**10**
Closing fair value of operating property	**457**	**189**	**646**	**9**	**8**	**17**
Unrealised capital gains	**65**	**145**	**210**	**3**	**4**	**7**

NOTE 5.2.2 – OPERATING PROPERTY BY BUSINESS – INTERNATIONAL

In millions of euros	30.06.2016					
	Property			SCI units		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross value	50	59	110			
Cumulative amortisation & depreciation	(5)	(7)	(11)			
Long-term impairment						
Closing net value	**45**	**53**	**98**			
Closing fair value of operating property	**43**	**48**	**91**			
Unrealised capital gains	**(2)**	**(5)**	**(7)**			

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

NOTE 6 – FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS

In millions of euros	30.06.2016	31.12.2015
	Net value	Net value
Assets valued at fair value	70,265	67,383
Assets valued at amortised cost	1,158	1,400
Total financial investments excluding unit-linked items	**71,423**	**68,783**

Total financial investments (excluding real estate, unit-linked items, and derivatives) at 30 June 2016 were €71,423 million, marking an increase of €2,640 million compared with 31 December 2015.
The bond security repurchase agreement activity was €4,527 million versus €4,101 million at 31 December 2015. The cash from these repurchase agreements is invested in specific funds held directly.

NOTE 6.1 – INVESTMENTS VALUED AT FAIR VALUE BY OPERATING SEGMENT

In millions of euros	30.06.2016								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	2,442	272	2,714	2,831	291	3,122	389	19	408
Bonds and other fixed-income investments	42,302	4,373	46,675	50,119	4,952	55,071	7,817	579	8,396
Other investments	1		1	1		1			
Total available-for-sale assets	**44,745**	**4,645**	**49,390**	**52,951**	**5,243**	**58,194**	**8,206**	**598**	**8,804**
Trading assets									
Equities and other variable-income investments classified as “trading”	48		48	48		48			
Equities and other variable-income investments classified as “held for trading”	479	315	794	479	315	794			
Bonds and other fixed-income investments classified as “trading”	89	1	90	89	1	90			
Bonds and other fixed-income investments classified as “held for trading”	3,350	31	3,381	3,350	31	3,381			
Cash mutual funds classified as “trading”	4,932	81	5,013	4,932	81	5,013			
Cash mutual funds classified as “held for trading”	2,420	325	2,745	2,420	325	2,745			
Other investments classified as “trading”									
Other investments classified as “held for trading”									
Total trading assets	**11,318**	**753**	**12,071**	**11,318**	**753**	**12,071**			
Total investments valued at fair value	**56,063**	**5,398**	**61,461**	**64,269**	**5,996**	**70,265**	**8,206**	**598**	**8,804**

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

At 30 June 2016, unrealised capital gains recognised for accounting purposes through shareholders' equity (revaluation reserve) as available-for-sale financial assets were €8,804 million compared with €7,283 million at 31 December 2015.
Unrealised capital gains recognised for accounting purposes through shareholders' equity as trading assets were €347 million at 30 June 2016 compared with €325 million at 31 December 2015.

In millions of euros	31.12.2015								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains (losses)		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Available-for-sale assets									
Equities and other variable-income investments	2,222	266	2,488	2,589	281	2,870	367	15	382
Bonds and other fixed-income investments	42,826	4,634	47,460	49,239	5,122	54,361	6,413	488	6,901
Other investments	1		1	1		1			
Total available-for-sale assets	**45,049**	**4,900**	**49,949**	**51,829**	**5,403**	**57,232**	**6,780**	**503**	**7,283**
Trading assets									
Equities and other variable-income investments classified as "trading"									
Equities and other variable-income investments classified as "held for trading"	543	194	737	543	194	737			
Bonds and other fixed-income investments classified as "trading"	87		87	87		87			
Bonds and other fixed-income investments classified as "held for trading"	2,267	31	2,298	2,267	31	2,298			
Cash mutual funds classified as "trading"	4,730	86	4,816	4,730	86	4,816			
Cash mutual funds classified as "held for trading"	2,148	65	2,213	2,148	65	2,213			
Other investments classified as "trading"									
Other investments classified as "held for trading"									
Total trading assets	**9,775**	**376**	**10,151**	**9,775**	**376**	**10,151**			
Total investments valued at fair value	**54,824**	**5,276**	**60,100**	**61,604**	**5,779**	**67,383**	**6,780**	**503**	**7,283**

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

NOTE 6.2 – INVESTMENTS VALUED AT FAIR VALUE BY BUSINESS

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

In millions of euros	30.06.2016								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains (losses)		
	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total
Available-for-sale assets									
Equities and other variable-income investments	2,340	102	2,442	2,633	198	2,831	293	96	389
Bonds and other fixed-income investments	39,696	2,606	42,302	47,311	2,808	50,119	7,615	202	7,817
Other investments		1	1		1	1			
Total available-for-sale assets	**42,036**	**2,709**	**44,745**	**49,944**	**3,007**	**52,951**	**7,908**	**298**	**8,206**
Trading assets									
Equities and other variable-income investments classified as "trading"		48	48		48	48			
Equities and other variable-income investments classified as "held for trading"	391	88	479	391	88	479			
Bonds and other fixed-income investments classified as "trading"	89		89	89		89			
Bonds and other fixed-income investments classified as "held for trading"	2,355	995	3,350	2,355	995	3,350			
Cash mutual funds classified as "trading"	4,475	457	4,932	4,475	457	4,932			
Cash mutual funds classified as "held for trading"	2,336	84	2,420	2,336	84	2,420			
Other investments classified as "trading"									
Other investments classified as "held for trading"									
Total trading assets	**9,646**	**1,672**	**11,318**	**9,646**	**1,672**	**11,318**			
Total investments valued at fair value	**51,682**	**4,381**	**56,063**	**59,590**	**4,679**	**64,269**	**7,908**	**298**	**8,206**

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

In millions of euros	31.12.2015								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains (losses)		
	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total
Available-for-sale assets									
Equities and other variable-income investments	2,114	108	2,222	2,388	201	2,589	274	93	367
Bonds and other fixed-income investments	40,260	2,566	42,826	46,488	2,751	49,239	6,228	185	6,413
Other investments		1	1		1	1			
Total available-for-sale assets	**42,374**	**2,675**	**45,049**	**48,876**	**2,953**	**51,829**	**6,502**	**278**	**6,780**
Trading assets									
Equities and other variable-income investments classified as “trading”									
Equities and other variable-income investments classified as “held for trading”	452	91	543	452	91	543			
Bonds and other fixed-income investments classified as “trading”	87		87	87		87			
Bonds and other fixed-income investments classified as “held for trading”	1,861	406	2,267	1,861	406	2,267			
Cash mutual funds classified as “trading”	3,883	847	4,730	3,883	847	4,730			
Cash mutual funds classified as “held for trading”	2,057	91	2,148	2,057	91	2,148			
Other investments classified as “trading”									
Other investments classified as “held for trading”									
Total trading assets	**8,340**	**1,435**	**9,775**	**8,340**	**1,435**	**9,775**			
Total investments valued at fair value	**50,714**	**4,110**	**54,824**	**57,216**	**4,388**	**61,604**	**6,502**	**278**	**6,780**

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

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

In millions of euros	30.06.2016								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains (losses)		
	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total	Life and health insurance	Property and casualty	Total
Available-for-sale assets									
Equities and other variable-income investments	167	105	272	178	113	291	11	8	19
Bonds and other fixed-income investments	2,513	1,860	4,373	2,870	2,082	4,952	357	222	579
Other investments									
Total available-for-sale assets	**2,680**	**1,965**	**4,645**	**3,048**	**2,195**	**5,243**	**368**	**230**	**598**
Trading assets									
Equities and other variable-income investments classified as “trading”									
Equities and other variable-income investments classified as “held for trading”	185	130	315	185	130	315			
Bonds and other fixed-income investments classified as “trading”	1		1	1		1			
Bonds and other fixed-income investments classified as “held for trading”	17	14	31	17	14	31			
Cash mutual funds classified as “trading”	49	32	81	49	32	81			
Cash mutual funds classified as “held for trading”	182	143	325	182	143	325			
Other investments classified as “trading”									
Other investments classified as “held for trading”									
Total trading assets	**434**	**319**	**753**	**434**	**319**	**753**			
Total investments valued at fair value	**3,114**	**2,284**	**5,398**	**3,482**	**2,514**	**5,996**	**368**	**230**	**598**

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

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

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

NOTE 6.3 – INVESTMENTS VALUED AT FAIR VALUE BY TYPE

In millions of euros	30.06.2016								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	2,442	272	2,714	2,831	291	3,122	389	19	408
Assets classified as "trading"	48		48	48		48			
Assets classified as "held for trading"	479	315	794	479	315	794			
Total equities and other variable-income investments	**2,969**	**587**	**3,556**	**3,358**	**606**	**3,964**	**389**	**19**	**408**
Bonds and other fixed-income investments									
Available-for-sale assets	42,302	4,373	46,675	50,119	4,952	55,071	7,817	579	8,396
Assets classified as "trading"	89	1	90	89	1	90			
Assets classified as "held for trading"	3,350	31	3,381	3,350	31	3,381			
Total bonds and other fixed-income investments	**45,741**	**4,405**	**50,146**	**53,558**	**4,984**	**58,542**	**7,817**	**579**	**8,396**
Cash mutual funds									
Assets classified as "trading"	4,932	81	5,013	4,932	81	5,013			
Assets classified as "held for trading"	2,420	325	2,745	2,420	325	2,745			
Total cash mutual funds	**7,352**	**406**	**7,758**	**7,352**	**406**	**7,758**			
Other investments									
Available-for-sale assets	1		1	1		1			
Assets classified as "trading"									
Assets classified as "held for trading"									
Total other investments	**1**		**1**	**1**		**1**			
Total investments valued at fair value	**56,063**	**5,398**	**61,461**	**64,269**	**5,996**	**70,265**	**8,206**	**598**	**8,804**

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

In millions of euros	31.12.2015								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	2,222	266	2,488	2,589	281	2,870	367	15	382
Assets classified as "trading"									
Assets classified as "held for trading"	543	194	737	543	194	737			
Total equities and other variable-income investments	**2,765**	**460**	**3,225**	**3,132**	**475**	**3,607**	**367**	**15**	**382**
Bonds and other fixed-income investments									
Available-for-sale assets	42,826	4,634	47,460	49,239	5,122	54,361	6,413	488	6,901
Assets classified as "trading"	87		87	87		87			
Assets classified as "held for trading"	2,267	31	2,298	2,267	31	2,298			
Total bonds and other fixed-income investments	**45,180**	**4,665**	**49,845**	**51,593**	**5,153**	**56,746**	**6,413**	**488**	**6,901**
Cash mutual funds									
Assets classified as "trading"	4,730	86	4,816	4,730	86	4,816			
Assets classified as "held for trading"	2,148	65	2,213	2,148	65	2,213			
Total cash mutual funds	**6,878**	**151**	**7,029**	**6,878**	**151**	**7,029**			
Other investments									
Available-for-sale assets	1		1	1		1			
Assets classified as "trading"									
Assets classified as "held for trading"									
Total other investments	**1**		**1**	**1**		**1**			
Total investments valued at fair value	**54,824**	**5,276**	**60,100**	**61,604**	**5,779**	**67,383**	**6,780**	**503**	**7,283**

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

NOTE 6.4 – INVESTMENTS VALUED AT AMORTISED COST IN NET VALUE

In millions of euros	30.06.2016			31.12.2015		
	France	International	Total	France	International	Total
Loans	86	59	145	86	65	151
Deposits	621	265	886	853	277	1,130
Other	127		127	119		119
Total assets valued at amortised cost	**834**	**324**	**1,158**	**1,058**	**342**	**1,400**

NOTE 6.5 – RESERVES FOR IMPAIRMENT OF INVESTMENTS

In millions of euros	30.06.2016			31.12.2015		
	Gross	Reserves	Net	Gross	Reserves	Net
Available-for-sale assets						
Equities and other variable-income investments	3,116	(402)	2,714	2,880	(392)	2,488
Bonds and other fixed-income investments	46,679	(4)	46,675	47,464	(4)	47,460
Other investments	1		1	1		1
Total available-for-sale assets	**49,796**	**(406)**	**49,390**	**50,345**	**(396)**	**49,949**
Financial investments valued at amortised cost	1,160	(2)	1,158	1,403	(3)	1,400
Financial investments valued at amortised cost	**1,160**	**(2)**	**1,158**	**1,403**	**(3)**	**1,400**

Total reserves for long-term impairment on investments measured at fair value were €406 million, compared with €396 million at 31 December 2015.
In total, the reserves for impairment on available-for-sale financial assets represent 0.82% of their gross amortised cost.

Regarding equities, a reserve of €263 million was established for strategic securities.

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

NOTE 6.6 – BOND PORTFOLIO – BY RATING

The rating indicated is an average of the ratings published at the end of June 2016 by the three main agencies (S&P, Moody's, and Fitch Ratings) for Group bonds.

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.).

In millions of euros	30.06.2016						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	2,763	24,383	6,242	18,937	570	795	53,690
Classified as "trading"						1	1
Classified as "held for trading"	131	12	260	207		1	611
Total listed bonds	**2,894**	**24,395**	**6,502**	**19,144**	**570**	**797**	**54,302**
Unlisted bonds							
Available-for-sale		20	10	126			156
Classified as "trading"							
Classified as "held for trading"			17			11	28
Total unlisted bonds		**20**	**27**	**126**		**11**	**184**
Total bond portfolio	**2,894**	**24,415**	**6,529**	**19,270**	**570**	**808**	**54,486**

In millions of euros	31.12.2015						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	2,755	23,330	6,723	18,301	606	1,155	52,870
Classified as "trading"							
Classified as "held for trading"	31	6	83	66		282	468
Total listed bonds	**2,786**	**23,336**	**6,806**	**18,367**	**606**	**1,437**	**53,338**
Unlisted bonds							
Available-for-sale		20	10	112		1	143
Classified as "trading"							
Classified as "held for trading"			17			11	28
Total unlisted bonds		**20**	**27**	**112**		**12**	**171**
Total bond portfolio	**2,786**	**23,356**	**6,833**	**18,479**	**606**	**1,449**	**53,509**

NOTE 6.7 – DEBT SECURITIES OF PERIPHERAL COUNTRIES OF THE EUROZONE

NOTE 6.7.1 – SOVEREIGN DEBT SECURITIES OF PERIPHERAL COUNTRIES OF THE EUROZONE

In millions of euros	30.06.2016					
	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	2,504		2,504	3,295	791	75
Greece						
Ireland	19		19	22	3	
Italy	7,519		7,519	9,709	2,190	301
Portugal	273		273	300	27	3
Total	**10,315**		**10,315**	**13,326**	**3,011**	**379**

In millions of euros	31.12.2015					
	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	2,553		2,553	3,213	660	55
Greece						
Ireland	22		22	25	3	1
Italy	7,512		7,512	9,524	2,012	257
Portugal	258		258	298	40	3
Total	**10,345**		**10,345**	**13,060**	**2,715**	**316**

Exposure to sovereign debt securities of peripheral eurozone countries included directly owned securities and look-through reporting, which is required on consolidated mutual funds. Unrealised capital gains on these securities totalled €379 million (net of taxes and profit sharing).

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

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

In addition, the exposure level on Hungary is approximately €266 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	30.06.2016					
	Spain	Greece	Ireland	Italy	Portugal	Total
Opening sovereign debt securities	**3,194**		**20**	**9,177**	**298**	**12,690**
Change in unrealised capital gains/losses	136			189	(13)	312
Change in scope of consolidation						
Acquisitions	26			42	12	80
Divestments/Redemptions	(77)		(2)	(48)		(127)
Foreign exchange adjustments						
Closing sovereign debt securities	**3,279**		**18**	**9,360**	**297**	**12,955**

To date, the consolidated mutual funds hold €371 million in sovereign debt securities of peripheral eurozone countries, including in particular €16 million in Spanish sovereign debt and €349 million in Italian sovereign debt.

NOTE 6.7.2 – NON-SOVEREIGN DEBT SECURITIES OF PERIPHERAL COUNTRIES OF THE EUROZONE

In millions of euros	30.06.2016					
	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	554	(7)	547	647	100	11
Greece						
Ireland	14		14	14	0	0
Italy	640		640	685	45	10
Portugal	21		21	22	1	0
Total	**1,229**	**(7)**	**1,222**	**1,368**	**146**	**21**

In millions of euros	31.12.2015					
	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit-sharing
Spain	572		572	654	82	8
Greece						
Ireland	14		14	14	0	
Italy	660		660	711	51	9
Portugal	20		20	20	0	
Total	**1,266**		**1,266**	**1,399**	**133**	**17**

The balance sheet value of the Group's investments in bonds issued by companies, banks, local authorities, and para-governmental organisations located in peripheral countries of the eurozone (mainly Spain and Italy) was €1,368 million at 30 June 2016. These securities present an unrealised capital gain net of taxes and profit sharing of €21 million.

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

NOTE 6.8 – HIERARCHY OF FAIR VALUE

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

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

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

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

In millions of euros	30.06.2016				31.12.2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
Equities and other variable-income investments	2,677	60	385	3,122	2,534	58	278	2,870
Bonds and other fixed-income investments	53,921	812	338	55,071	53,172	629	559	54,361
Other investments			1	1			1	1
Total available-for-sale assets	**56,598**	**872**	**724**	**58,194**	**55,706**	**687**	**838**	**57,232**
Trading assets								
Equities and other variable-income investments classified as “trading” or “held for trading”	420	12	410	842	255	12	470	737
Bonds and other fixed-income investments classified as “trading” or “held for trading”	2,952	95	424	3,471	1,987	77	321	2,385
Cash mutual funds classified as “trading” or “held for trading”	7,758			7,758	7,028			7,029
Other investments								
Total trading assets	**11,130**	**107**	**834**	**12,071**	**9,270**	**90**	**791**	**10,151**
Sub-total of financial investments (excluding unit-linked items)	**67,728**	**979**	**1,558**	**70,265**	**64,976**	**777**	**1,629**	**67,383**
Investments in unit-linked policies	**5,315**	**615**	**1,574**	**7,504**	**4,868**	**405**	**1,803**	**7,076**
Derivative assets and liabilities		**(766)**		**(766)**		**(659)**		**(659)**
Total financial assets and liabilities valued at fair value	**73,043**	**828**	**3,132**	**77,003**	**69,844**	**523**	**3,432**	**73,800**

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

Derivative instruments posted to assets totalled €68 million, and derivative instruments posted to liabilities on the balance sheet totalled €834 million at 30 June 2016. These instruments are mainly classified in level 2.

The Level 3 investments comprise:

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

Beyond the financial assets and liabilities described in the table, the Group recorded fair-value financial contracts without discretionary profit sharing in its technical liabilities. This amount totalled €169 million at 30 June 2016, compared with €65 million at 31 December 2015.

In millions of euros	30.06.2016								
	Available-for-sale assets			Trading assets				Investments in unit-linked policies	Derivative assets and liabilities
	Equities	Bonds	Other investments	Equities	Bonds	Cash mutual funds	Other investments		
Level 3 opening amount	**278**	**559**	**1**	**470**	**321**			**1,803**	
Change in unrealised capital gains/losses recognised in:									
- income				2	(3)			(46)	
- gains and losses recognised directly in shareholders' equity	50	(62)							
Transfer to level 3					54				
Transfer outside of level 3		(162)							
Reclassification to loans and receivables									
Change in scope of consolidation									
Acquisitions	69	5		34	75			5	
Divestments/Redemptions	(12)	(2)		(96)	(23)			(187)	
Foreign exchange adjustments								(1)	
Level 3 closing amount	**385**	**338**	**1**	**410**	**424**			**1,574**	

NOTE 7 - INVESTMENTS REPRESENTING COMMITMENTS IN UNIT-LINKED INVESTMENTS

In millions of euros	30.06.2016			31.12.2015		
	France	International	Total	France	International	Total
Variable-income securities and related securities		6	6		6	6
Bonds	2,555	627	3,183	2,003	612	2,615
Equity mutual fund units	3,780	87	3,867	3,927	84	4,011
Bond and other mutual fund units	139	157	296	142	124	266
Other investments		41	41		75	75
Subtotal of unit-linked financial investments	**6,475**	**918**	**7,393**	**6,072**	**900**	**6,972**
Unit-linked investment property	110		110	105		105
Subtotal of unit-linked investment property	**110**		**110**	**105**		**105**
Total	**6,585**	**918**	**7,503**	**6,176**	**900**	**7,076**

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

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

In millions of euros	30.06.2016					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	35	(816)			35	(816)
Options	33	(8)			33	(8)
Foreign currency futures		(10)				(10)
Other						
Total	**68**	**(834)**			**68**	**(834)**

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

At 30 June 2016, the following derivative instruments were available to the Group:

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

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

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

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

NOTE 9.1 – USES OF FUNDS FOR BANKING SECTOR ACTIVITIES

In millions of euros	30.06.2016			31.12.2015		
	Gross value	Reserves	Net value	Gross value	Reserves	Net value
Petty cash, central banks and postal accounts				49		49
Financial assets at fair value through income	47		47	380		380
Hedging derivatives				1		1
Available-for-sale financial assets	2		2	939		939
Loans and receivables on credit institutions	2		2	281		281
Loans and receivables on customers				2,049	(27)	2,022
Revaluation difference of interest rate hedged portfolios				2		2
Held-to-maturity financial assets				588		588
Investment property						
Total	**51**		**51**	**4,289**	**(27)**	**4,262**

NOTE 9.2 – RESOURCES FROM BANKING SECTOR ACTIVITIES

In millions of euros	30.06.2016	31.12.2015
Central banks, postal accounts		
Financial liabilities at fair value through income		20
Hedging derivatives		7
Debts to credit institutions		651
Debts to customers	6	3,142
Debts represented by securities		86
Revaluation difference of interest rate hedged portfolios		
Total	**6**	**3,906**

The change in the structure of uses and resources of banking businesses is explained by the reclassification of Groupama Banque's assets and liabilities to assets and liabilities to be sold or discontinued, in accordance with IFRS 5.

NOTE 10 – INVESTMENTS IN RELATED COMPANIES AND JOINT VENTURES

In millions of euros	30.06.2016		31.12.2015	
	Equivalent value	Share of income	Equivalent value	Share of income
Bollington	2		1	
Günes Sigorta	10	(12)	22	(12)
CEGID			79	7
La Banque Postale IARD	83	(2)	84	(4)
STAR	83	3	94	9
GROUPAMA - AVIC Property Insurance Co.	71	3	71	2
ICADE	604	(1)	643	(44)
Total	**853**	**(9)**	**994**	**(42)**

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

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

In order to simplify and clarify the holding structure of the Icade shares by Caisse des Dépôts and Groupama, the merger/takeover of HoldCo SIIC by Icade was passed by a vote on 23 May 2016 in the Extraordinary General Meeting.
Since this date, the HOLDCO shares have been replaced with ICADE shares. The book value of the ICADE shares was substituted for an identical amount in the company and consolidated books. The percentage of interest in ICADE's shareholders' equity before the merger was identical to the percentage of interest after the merger.

The change in the equity value of the ICADE stake came mainly from the payment of dividends.

On 18 April 2016, alongside ICMI, a holding company owned by Jean-Michel Aulas, founder and Chairman of Cegid Group ("Cegid"), Groupama announced that it entered into an agreement with the Silver Lake – AltaOne consortium to sell its stake in Cegid for €154.5 million. At 30 June 2016, given that the conditions precedent were not met, the actual sale was carried out on 8 July 2016. In accordance with IFRS 5, the group posted its stake in the capital of CEGID, France's leading publisher of management solutions, in assets held for sale and discontinued operations.

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

In millions of euros	30.06.2016			31.12.2015		
	France	International	Total	France	International	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	17	66	83	11	24	34
Outstanding claims reserves	799	128	927	827	141	968
Other underwriting reserves	352	5	357	328	2	330
Total	**1,168**	**199**	**1,367**	**1,165**	**167**	**1,332**
Share of reinsurers in life insurance reserves						
Life insurance reserves	19	2	21	6,849	2	6,851
Outstanding claims reserves	29	4	33	137	4	141
Profit-sharing reserves	16		16	17		17
Other underwriting reserves						
Total	**64**	**6**	**71**	**7,003**	**6**	**7,008**
Share of reinsurers in financial contract reserves						
Total	**1,232**	**206**	**1,438**	**8,168**	**173**	**8,341**

The share of reinsurers in life insurance reserves decreased following the end of a quota share reinsurance agreement entered into on 1 January 2013 for a term of three years.

NOTE 12 – DEFERRED PROFIT SHARING

NOTE 12.1 – DEFERRED PROFIT SHARING LIABILITIES

In millions of euros	30.06.2016			31.12.2015		
	France	International	Total	France	International	Total
Reserve for deferred profit sharing of insurance policies	6,376	24	6,401	4,806	36	4,842
Reserves for deferred profit sharing of financial contracts		175	175		139	139
Total	**6,376**	**199**	**6,576**	**4,806**	**175**	**4,980**

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

The rates used in France at 30 June 2016 fall within a bracket of between 76.62% and 86.78%, with 86.78% for Groupama Gan Vie.

NOTE 13 – DEFERRED TAXES

NOTE 13.1 – ANALYSIS OF THE MAJOR COMPONENTS OF DEFERRED TAXES

In millions of euros	30.06.2016	31.12.2015
Deferred taxes resulting from timing differences		
Restatements on AFS & Trading financial instruments (net of deferred profit sharing)	(465)	(363)
Life acquisition costs and overall management expenses reserve	(47)	(48)
Consolidation restatements on underwriting reserves	(177)	(173)
Other differences on consolidation restatements	143	135
Deferred non-life acquisition costs	(33)	(25)
Tax differences on underwriting reserves and other contingent liabilities	420	414
Tax-deferred capital gains	(1)	
Valuation difference on mutual funds	11	11
Foreign exchange hedge	6	6
Other temporary tax differences	(65)	(22)
Subtotal of deferred taxes resulting from timing differences	**(208)**	**(65)**
Deferred taxes on ordinary losses	**(98)**	**(47)**
Deferred taxes recorded on the balance sheet	**(306)**	**(113)**
of which, assets	11	224
of which, liabilities	(317)	(337)

The group's consolidated financial statements show an overall net deferred tax liability of €306 million. This deferred tax liability can be broken down as follows:

- A deferred tax asset of €11 million at 30 June 2016 compared with €224 million at 31 December 2015, or a decrease of €213 million.
- A deferred tax liability of €317 million at 30 June 2016 compared with €337 million at 31 December 2015, or a decrease of €20 million.

Deferred tax liabilities from ordinary losses amounted to €98 million at 30 June 2016, including €49 million following the application of IFRS 5 for Groupama Banque. As a reminder, deferred tax assets from ordinary losses amounted to €47 million at 31 December 2015.

Unrecognised net assets amounted to €102 million at 30 June 2016, compared with €115 million at 31 December 2015.

NOTE 14 – RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE TRANSACTIONS

NOTE 14.1 – RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE – BY OPERATING SEGMENT

In millions of euros	30.06.2016							31.12.2015
	France			International			Total	Total
	Gross value	Reserves	Net value	Gross value	Reserves	Net value		
Earned premiums not written	566		566	17		17	583	541
Policyholders, intermediaries, and other third parties	546	(26)	520	370	(64)	307	826	1,040
Current accounts – co-insurers and other third parties	45	(2)	43	60	(32)	28	71	86
Current accounts – ceding and retroceding companies	969		969	11	(1)	10	979	244
Total	**2,125**	**(28)**	**2,097**	**458**	**(96)**	**362**	**2,460**	**1,911**

NOTE 15 – OTHER RECEIVABLES

In millions of euros	30.06.2016			31.12.2015
	Gross values	Reserves	Total	Total
Accrued interest not yet due	698		698	758
Due from employees	9		9	7
Social agencies	5		5	10
Miscellaneous debtors	1,040	(106)	934	955
Other receivables	865		865	198
Total	**2,617**	**(106)**	**2,511**	**1,929**

NOTE 15.1 – OTHER RECEIVABLES – BY MATURITY

In millions of euros	30.06.2016				31.12.2015			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Accrued interest not yet due	698			698	758			758
Due from employees	9			9	7			7
Social agencies	5			5	10			10
Miscellaneous debtors	849	73	11	934	918	25	12	955
Other receivables	865			865	198			198
Total	**2,426**	**73**	**11**	**2,511**	**1,891**	**25**	**12**	**1,929**

NOTE 15.2 – OTHER RECEIVABLES – BY OPERATING SEGMENT

In millions of euros	30.06.2016			31.12.2015		
	France	International	Total	France	International	Total
Accrued interest not yet due	626	72	698	675	83	758
Due from employees	7	2	9	6	1	7
Social agencies	5	1	5	9		10
Miscellaneous debtors	837	97	934	910	45	955
Other receivables	835	30	865	170	29	198
Total	**2,310**	**202**	**2,511**	**1,770**	**158**	**1,929**

NOTE 16 – CASH AND CASH EQUIVALENTS

NOTE 16.1 – CASH AND CASH EQUIVALENTS APPLIED TO BALANCE SHEET ASSETS

In millions of euros	30.06.2016	31.12.2015
France	351	672
International	163	176
Total	**514**	**848**

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

NOTE 16.2 – CASH APPLIED TO BALANCE SHEET LIABILITIES

In millions of euros	30.06.2016				31.12.2015			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Operating debts to banking sector companies	17			17	118			118
Total	**17**			**17**	**118**			**118**

In millions of euros	30.06.2016			
	Currencies		Rates	
	Eurozone	Non-eurozone	Fixed rate	Variable rate
Operating debts to banking sector companies	17		17	
Total	**17**		**17**	

NOTE 17 – SHAREHOLDERS' EQUITY, MINORITY INTERESTS

Note 17.1 – Share capital limits for insurance companies

Insurance business operations are governed by regulatory constraints that define minimum share capital in particular. In France, in accordance with the European Directive and Article R322-5 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.

Starting on 1 January 2016, insurance companies within the scope of application of Solvency II are subject to the rules laid down by the Solvency II European Directive. The Directive aims to improve the protection of insured persons and allow insurance companies to have a better assessment of their solvency by requiring them, in particular, to hold eligible shareholders' equity covering the minimum capital requirement as calculated according to article 129 of the Directive.

Note 17.2 – Impacts of transactions with shareholders

➢ **Changes in the Group's shareholders' equity during fiscal year 2016**

During the first half of 2016, Groupama SA increased its shareholders' equity for €700 million, broken down into a €401 million capital increase, a €299 million increase in "issue premium", and a partial redemption of its perpetual subordinated bond (TSS), issued in 2007, for €2 million.

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

The bonds classified in shareholders' equity are detailed as follows:

- a subordinated perpetual bond, issued in May 2014, at the fixed interest rate of 6.375% for a nominal value of €1,100 million, and;
- a super-subordinated bond, issued in 2007, at the fixed interest rate of 6.298% for a remaining nominal value of €414 million.

These bonds have particular characteristics, such as:

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

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

***Note 17.3* – Reserves related to changes in fair value recorded in shareholders' equity**

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

In millions of euros	30.06.2016	31.12.2015
Gross unrealised capital gains (losses) on available-for-sale assets	8,803	7,283
of which, unrealised gross capital gains (losses) on AFS assets allocated to life and health insurance	8,275	6,809
of which, unrealised gross capital gains (losses) on AFS assets allocated to property and casualty insurance	528	474
Shadow accounting	(6,940)	(5,837)
Cash flow hedge and other changes	(60)	(60)
Deferred taxes	(474)	(357)
Share of non-controlling interests	(5)	(4)
Revaluation reserve - Group share	**1,324**	**1,024**

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

"Cash flow hedge and other changes" for -€60 million includes a cash flow hedge revaluation reserve of €42 million and a net investment hedge revaluation reserve of €18 million. These reserves correspond to the effective share of hedging operations implemented by the Group in the past and since terminated. They will be recycled in income when the hedged items are sold in accordance with the provisions of IAS 39.

NOTE 18 – RESERVES FOR CONTINGENCIES AND CHARGES

In millions of euros	30.06.2016						
	France			International			Total
	Reserves for pensions and similar obligations	Other contingent liabilities (1)	Total	Reserves for pensions and similar obligations	Other contingent liabilities (1)	Total	
Opening balance	**226**	**118**	**344**	**37**	**47**	**84**	**427**
Changes in scope of consolidation, changes in accounting methods, and transfers	(5)	(11)	(16)				(16)
Increases for the year	36	46	82	2	9	11	93
Write-backs for the year	(7)	(21)	(28)	(2)	(9)	(11)	(39)
Foreign exchange variation							
Closing balance	**250**	**132**	**381**	**37**	**47**	**84**	**466**

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

In accordance with IFRS 5, Groupama Banque's reserves for contingencies and charges were posted to liabilities from business activities intended to be sold or discontinued.

In millions of euros	31.12.2015						
	France			International			Total
	Reserves for pensions and similar obligations	Other contingent liabilities (1)	Total	Reserves for pensions and similar obligations	Other contingent liabilities (1)	Total	
Opening balance	**237**	**93**	**330**	**40**	**51**	**91**	**421**
Changes in scope of consolidation, changes in accounting methods, and transfers				(2)		(2)	(2)
Increases for the year	39	53	92	3	10	13	105
Write-backs for the year	(50)	(28)	(78)	(4)	(14)	(18)	(96)
Foreign exchange variation							
Closing balance	**226**	**118**	**344**	**37**	**47**	**84**	**427**

(1) 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 19 – FINANCING DEBT

NOTE 19.1 – FINANCING DEBT – BY MATURITY

In millions of euros	30.06.2016				31.12.2015			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Subordinated debt			750	750			750	750
of which subordinated debt of insurance companies			750	750			750	750
of which subordinated debts of banking companies								
Financing debt represented by securities								
Financing debt with banking-sector companies								
Total			**750**	**750**			**750**	**750**

At 30 June 2016, the group’s external debt remains identical to the level at 31 December 2015.

NOTE 19.2 – FINANCING DEBT – BY CURRENCY AND RATE

In millions of euros	30.06.2016			
	Currencies		Rates	
	Eurozone	Non-eurozone	Fixed rate	Variable rate
Subordinated debt	750		750	
Financing debt represented by securities				
Financing debt with banking-sector companies				
Total	**750**		**750**	

The "subordinated debt" item corresponds to the issue of a fixed interest loan in the form of deeply super-subordinated instruments (TSR) issued in October 2009 by Groupama SA for €750 million.

The key terms of this bond are as follows:

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

At 30 June 2016, this issue was quoted at 103.5% compared with 107.4% at 31 December 2015.

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

NOTE 20 – TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES

NOTE 20.1 – TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES – BY OPERATING SEGMENT

In millions of euros	30.06.2016			31.12.2015		
	France	International	Total	France	International	Total
Gross underwriting reinsurance reserves						
Life insurance reserves	30,900	1,024	31,924	30,452	1,151	31,603
Outstanding claims reserves	628	59	687	689	74	762
Profit-sharing reserves	806	9	815	867	9	877
Other underwriting reserves	4	21	25	4	24	27
Total Life insurance	**32,337**	**1,113**	**33,450**	**32,012**	**1,257**	**33,269**
Reserves for unearned premiums	1,495	723	2,218	669	663	1,332
Outstanding claims reserves	5,547	2,291	7,838	5,490	2,305	7,795
Other underwriting reserves	2,778	55	2,832	2,620	55	2,674
Total Non-life insurance	**9,820**	**3,069**	**12,888**	**8,779**	**3,023**	**11,802**
Life insurance reserves for unit-linked policies	7,347	888	8,235	7,105	866	7,971
Total	**49,504**	**5,069**	**54,573**	**47,897**	**5,146**	**53,042**

The adequacy tests carried out on liabilities at 30 June 2016 were found to be satisfactory and did not result in the recognition of any additional technical expense.

NOTE 20.2 – TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES - BY BUSINESS

NOTE 20.2.1 – TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES BY BUSINESS – FRANCE

In millions of euros	30.06.2016			31.12.2015		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross underwriting reinsurance reserves						
Life insurance reserves	30,900		30,900	30,452		30,452
Outstanding claims reserves	628		628	689		689
Profit-sharing reserves	806		806	867		867
Other underwriting reserves	4		4	4		4
Total Life insurance	**32,337**		**32,337**	**32,012**		**32,012**
Reserves for unearned premiums	193	1,302	1,495	36	633	669
Outstanding claims reserves	702	4,845	5,547	696	4,795	5,490
Other underwriting reserves	1,887	891	2,778	1,797	822	2,620
Total Non-life insurance	**2,782**	**7,037**	**9,820**	**2,529**	**6,250**	**8,779**
Life insurance reserves for unit-linked policies	7,347		7,347	7,105		7,105
Total gross underwriting reserves relating to insurance policies	**42,467**	**7,037**	**49,504**	**41,646**	**6,250**	**47,897**

NOTE 20.2.2 – TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES BY BUSINESS – INTERNATIONAL

In millions of euros	30.06.2016			31.12.2015		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross underwriting reinsurance reserves						
Life insurance reserves	1,024		1,024	1,151		1,151
Outstanding claims reserves	59		59	74		74
Profit-sharing reserves	9		9	9		9
Other underwriting reserves	21		21	23		24
Total Life insurance	**1,113**		**1,113**	**1,257**		**1,257**
Reserves for unearned premiums	62	661	723	64	599	663
Outstanding claims reserves	75	2,217	2,291	73	2,232	2,305
Other underwriting reserves	13	42	55	15	40	55
Total Non-life insurance	**149**	**2,919**	**3,069**	**152**	**2,870**	**3,023**
Life insurance reserves for unit-linked policies	888		888	866		866
Total gross underwriting reserves relating to insurance policies	**2,149**	**2,919**	**5,069**	**2,275**	**2,870**	**5,146**

NOTE 21 – TECHNICAL LIABILITIES RELATED TO FINANCIAL CONTRACTS

In millions of euros	30.06.2016	31.12.2015
Reserves on financial contracts with discretionary profit sharing		
Life underwriting reserves	15,048	15,910
Reserves on unit-linked policies	81	56
Outstanding claims reserves	132	65
Profit-sharing reserves	2	16
Other underwriting reserves	3	1
Total	**15,265**	**16,049**
Reserves for financial contracts without discretionary profit sharing		
Life underwriting reserve		6
Reserves on unit-linked policies	169	65
Outstanding claims reserves	3	
Profit-sharing reserves		
Other underwriting reserves		
Total	**173**	**71**
Total	**15,438**	**16,120**

NOTE 21.1 – TECHNICAL LIABILITIES RELATED TO FINANCIAL CONTRACTS (EXCLUDING UNIT-LINKED ITEMS) - BY OPERATING SEGMENT

In millions of euros	30.06.2016			31.12.2015		
	France	International	Total	France	International	Total
Reserves on financial contracts - Life	13,179	1,870	15,049	14,249	1,668	15,917
Outstanding claims reserves	122	13	134	47	19	66
Profit-sharing reserves		2	2	13	3	16
Other underwriting reserves	1	1	3	1		1
Total	**13,302**	**1,886**	**15,188**	**14,310**	**1,690**	**15,999**

NOTE 22 – OTHER DEBTS

NOTE 22.1 – OTHER DEBTS – BY OPERATING SEGMENT

In millions of euros	30.06.2016			31.12.2015		
	France	International	Total	France	International	Total
Due to employees	164	5	169	158	8	165
Social agencies	125	8	133	113	7	120
Other loans, deposits, and guarantees received	4,638	5	4,643	4,226	5	4,231
Other creditors	528	65	593	615	53	668
Other debts	171	38	209	273	34	307
Total	**5,625**	**121**	**5,747**	**5,384**	**107**	**5,492**

The “Other loans, deposits and guarantees received” line item amounted to €4,643 million at 30 June 2016, compared with €4,231 million at 31 December 2015, an increase of €412 million. The increase mainly comes from debt resulting from the bond repurchase agreement, which amounted to €4,505 million at 30 June 2016 compared with €4,099 million at 31 December 2015, an increase of €406 million, mainly from Groupama Gan Vie.

“Other debts” amounted to €209 million at 30 June 2016, compared with €307 million at 31 December 2015, a reduction of €98 million. The decrease is mainly explained by the reclassification of Groupama Banque’s liabilities to “liabilities from business activities intended to be sold or discontinued”.

NOTE 22.2 – OTHER DEBT – BY MATURITY

In millions of euros	30.06.2016				31.12.2015			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Due to employees	155		14	169	151		14	165
Social agencies	133			133	120			120
Other loans, deposits, and guarantees received	4,574	21	48	4,643	4,184	12	36	4,231
Other creditors	593			593	668			668
Other debts	209			209	307			307
Total	**5,664**	**21**	**62**	**5,747**	**5,430**	**12**	**50**	**5,492**

NOTE 23 – ANALYSIS OF PREMIUM INCOME

NOTE 23.1 – ANALYSIS OF INSURANCE PREMIUM INCOME BY MAJOR CATEGORY

In millions of euros	30.06.2016			30.06.2015		
	France	International	Total	France	International	Total
Individual retirement savings	920	265	1,185	890	359	1,249
Individual protection insurance	264	61	325	269	62	331
Individual health insurance	300	37	337	323	36	359
Other	70		70	63		63
Individual life and health insurance	**1,554**	**363**	**1,917**	**1,545**	**457**	**2,002**
Group retirement savings	94	26	120	85	22	107
Group protection scheme	249	33	282	254	34	288
Group health insurance	329	17	346	253	17	270
Other	101		101	94		94
Group life and health insurance	**773**	**76**	**849**	**686**	**73**	**759**
Life and health insurance	**2,327**	**439**	**2,766**	**2,231**	**530**	**2,761**
Motor insurance	608	548	1,156	604	579	1,183
Other vehicles	36		36	35		35
Home insurance	408	101	509	406	100	506
Personal and professional property	221	7	228	219	7	226
Construction	82		82	85		85
Private and professional	**1,355**	**656**	**2,011**	**1,349**	**686**	**2,035**
Fleets	198	14	212	195	12	207
Business and municipal property	196	91	287	205	93	298
Businesses and local authorities	**394**	**105**	**499**	**400**	**105**	**505**
Agricultural risks	204	143	347	203	133	336
Climate risks	92		92	100		100
Tractors and farming equipment	99		99	94		94
Agricultural business lines	**395**	**143**	**538**	**397**	**133**	**530**
Other business lines	174	39	213	167	41	208
Property and casualty insurance	**2,318**	**943**	**3,261**	**2,314**	**965**	**3,278**
Total Insurance	**4,645**	**1,382**	**6,027**	**4,545**	**1,495**	**6,039**

NOTE 23.2 – ANALYSIS OF PREMIUM INCOME BY BUSINESS

In millions of euros	30.06.2016					30.06.2015				
	Life and health insurance	Property and casualty insurance	Financial businesses	Total	Share %	Life and health insurance	Property and casualty insurance	Financial businesses	Total	Share %
France	2,327	2,318	67	4,712	77%	2,231	2,314	141	4,686	76%
Southern Europe	339	753		1,093	18%	432	788		1,220	20%
CEEC	100	189		289	5%	98	176		275	4%
Total	**2,766**	**3,261**	**67**	**6,094**	**100%**	**2,761**	**3,278**	**141**	**6,181**	**100%**

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

NOTE 23.3 – ANALYSIS OF BANKING ITEMS CONTRIBUTING TO PREMIUM INCOME

In millions of euros	30.06.2016			30.06.2015		
	Groupama Banque	Other companies	Total	Groupama Banque	Other companies	Total
Interest and related income				26		26
Commissions (income)		64	64	30	64	94
Gains on financial instruments at fair value through income				18		18
Gains on available-for-sale financial assets				2	1	2
Income from other business activities		3	3	1	1	1
Total		**67**	**67**	**76**	**65**	**141**

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

Groupama Banque's banking items are classified in net income from discontinued operations for sale on the group's income statement.

NOTE 24 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

NOTE 24.1 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES – BY OPERATING SEGMENT

In millions of euros	30.06.2016			30.06.2015		
	France	International	Total	France	International	Total
Interest on deposits and income from financial investments	856	115	971	866	123	988
Gains on foreign exchange transactions	55	5	60	135	6	141
Income from differences on redemption prices to be collected (premium/discount)	50	1	51	64	2	65
Property income	52		52	47		47
Other investment income						
Income from investments	**1,012**	**122**	**1,133**	**1,111**	**131**	**1,242**
Interest received from reinsurers	(2)		(2)	1		0
Losses on foreign exchange transactions	(73)	(4)	(77)	(63)	(5)	(68)
Amortisation of differences on redemption prices (premium/discount)	(135)	(14)	(149)	(129)	(12)	(141)
Depreciation and reserves on property	(40)	(1)	(41)	(15)	(2)	(17)
Management expenses	(162)	(6)	(168)	(161)	(6)	(167)
Investment expenses	**(412)**	**(26)**	**(437)**	**(368)**	**(25)**	**(393)**
Held for trading	(1)		(2)	(73)	1	(72)
Available-for-sale	61	13	73	505	26	531
Held to maturity						
Other	70		70	(27)	3	(24)
Capital gains (losses) from sales of investments, net of impairment and amortisation write-backs	**129**	**13**	**141**	**405**	**30**	**435**
Held for trading	23	2	26	26	1	27
Derivatives	(117)		(117)	89		89
Adjustments on unit-linked policies	(8)	(8)	(16)	300	8	308
Change in fair value of financial instruments recognised at fair value through income	**(102)**	**(6)**	**(108)**	**415**	**8**	**424**
Available-for-sale	(37)	(1)	(39)			(1)
Held to maturity						
Receivables and loans						
Change in impairments on financial instruments	**(38)**	**(1)**	**(39)**	**(1)**		**(1)**
Total	**589**	**102**	**691**	**1,563**	**144**	**1,707**

NOTE 24.2 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (INCOME BREAKDOWN BY TYPE OF ASSET)

In millions of euros	30.06.2016					30.06.2015				
	Income and expenses	Proceeds from divestment (*)	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds from divestment (*)	Change in fair value	Change in reserves	Total
Property	37	70		(26)	81	31	(24)		(1)	6
Equities	46	10	(1)	(26)	29	39	415	2	(2)	454
Bonds	720	63	(3)		780	759	23	5		787
Equity mutual funds	25	4	4	(12)	21	23	11	57	1	92
Mutual funds: Cash from repurchase agreements		(4)	(1)		(4)		(1)			(1)
Other cash mutual funds		(1)			(1)		1			1
Fixed-income mutual funds	16	2	20		38	29	14	2		45
Derivatives			(117)		(117)		(5)	89		84
Other investment income	127	(4)	5		128	203	1	(38)		166
Investment income	**970**	**141**	**(92)**	**(65)**	**954**	**1,084**	**435**	**117**	**(2)**	**1,634**
Internal and external management expenses and other financial expenses	(158)				(158)	(156)				(156)
Other investment expenses	(90)				(90)	(79)				(79)
Investment expenses	**(248)**				**(248)**	**(235)**				**(235)**
Financial income, net of expenses	**722**	**141**	**(92)**	**(65)**	**707**	**849**	**435**	**117**	**(2)**	**1,399**
Capital gains on securities representing unit-linked policies			160		160			515		515
Capital losses on securities representing unit-linked policies			(177)		(177)			(207)		(207)
Total investment income net of management expenses	**722**	**141**	**(108)**	**(65)**	**691**	**849**	**435**	**425**	**(2)**	**1,707**

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

NOTE 24.2.1 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (INCOME BREAKDOWN BY TYPE OF ASSET) – FRANCE

In millions of euros	30.06.2016					30.06.2015				
	Income and expenses	Proceeds from divestment (*)	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds from divestment (*)	Change in fair value	Change in reserves	Total
Property	38	70		(26)	81	32	(27)			5
Equities	45	9	(1)	(26)	27	38	412	1	(1)	450
Bonds	627	53	(3)		676	658	2	4		664
Equity mutual funds	20	5	2	(11)	17	19	9	56		84
Mutual funds: Cash from repurchase agreements		(4)	(1)		(4)		(1)			(1)
Other cash mutual funds		(1)			(1)		1			1
Bond mutual funds	15	2	20		37	26	14	2		42
Derivatives			(117)		(117)		(5)	89		84
Other investment income	119	(6)	5		117	194		(36)		158
Investment income	**863**	**129**	**(94)**	**(64)**	**834**	**967**	**405**	**116**	**(1)**	**1,487**
Internal and external management expenses and other financial expenses	(153)				(153)	(152)				(152)
Other investment expenses	(84)				(84)	(72)				(72)
Investment expenses	**(237)**				**(237)**	**(224)**				**(224)**
Financial income, net of expenses	**626**	**129**	**(94)**	**(64)**	**597**	**743**	**405**	**116**	**(1)**	**1,263**
Capital gains on securities representing unit-linked policies			154		154			499		499
Capital losses on securities representing unit-linked policies			(162)		(162)			(199)		(199)
Total investment income net of management expenses	**626**	**129**	**(102)**	**(64)**	**589**	**743**	**405**	**416**	**(1)**	**1,563**

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

NOTE 24.2.2 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (INCOME BREAKDOWN BY TYPE OF ASSET) – INTERNATIONAL

In millions of euros	30.06.2016					30.06.2015				
	Income and expenses	Proceeds from divestment (*)	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds from divestment (*)	Change in fair value	Change in reserves	Total
Property	(1)				0	(1)	3		(1)	1
Equities	1	1			1	1	3	1	(1)	4
Bonds	93	11			104	101	21	1		123
Equity mutual funds	5	(1)	1	(1)	4	4	2	1	1	8
Mutual funds: Cash from repurchase agreements										
Other cash mutual funds										
Bond mutual funds	1				1	3				3
Derivatives										
Other investment income	8	2	1		11	9	1	(2)		8
Investment income	**107**	**13**	**2**	**(1)**	**120**	**117**	**30**	**1**	**(1)**	**147**
Internal and external management expenses and other financial expenses	(5)				(5)	(4)				(4)
Other investment expenses	(6)				(6)	(7)				(7)
Investment expenses	**(11)**				**(11)**	**(11)**				**(11)**
Financial income, net of expenses	**96**	**13**	**2**	**(1)**	**110**	**106**	**30**	**1**	**(1)**	**136**
Capital gains on securities representing unit-linked policies			6		6			16		16
Capital losses on securities representing unit-linked policies			(15)		(15)			(8)		(8)
Total investment income net of management expenses	**96**	**13**	**(6)**	**(1)**	**102**	**106**	**30**	**9**	**(1)**	**144**

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

NOTE 25 – INSURANCE POLICY SERVICING EXPENSES

NOTE 25.1 – INSURANCE POLICY SERVICING EXPENSES – BY OPERATING SEGMENT

In millions of euros	30.06.2016			30.06.2015		
	France	International	Total	France	International	Total
Claims						
Paid to policyholders	(3,573)	(864)	(4,437)	(3,588)	(943)	(4,531)
Change in underwriting reserves						
Outstanding claims reserves	(67)	38	(29)	78	(17)	61
Actuarial reserves	993	(44)	948	1,020	(76)	944
Unit-linked reserves	(226)	(20)	(246)	(465)	(24)	(489)
Profit sharing	(433)	(39)	(473)	(1,073)	(52)	(1,125)
Other underwriting reserves	(143)	1	(142)	(212)	2	(211)
Total insurance policy servicing expenses	**(3,449)**	**(929)**	**(4,378)**	**(4,240)**	**(1,111)**	**(5,350)**

NOTE 26 – OUTWARD REINSURANCE INCOME (EXPENSES)

NOTE 26.1 – OUTWARD REINSURANCE INCOME (EXPENSES) – BY OPERATING SEGMENT

In millions of euros	30.06.2016			30.06.2015		
	France	Inter-national	Total	France	Inter-national	Total
Acquisition and administrative costs	52	15	67	106	15	121
Claims expenses	97	9	106	329	19	347
Change in underwriting reserves	9	3	12	11	1	11
Profit sharing	(10)	1	(9)	(143)	1	(143)
Change in reserve for equalisation						
Income from outward reinsurance	**148**	**28**	**176**	**302**	**35**	**337**
Outward premiums	(251)	(142)	(393)	(446)	(132)	(578)
Change in unearned premiums	6	43	49	6	35	41
Expenses on outward reinsurance	**(245)**	**(99)**	**(344)**	**(440)**	**(97)**	**(537)**
Total	**(97)**	**(71)**	**(168)**	**(138)**	**(63)**	**(200)**

The change in the amounts in France compared with the previous fiscal year comes from the end of the quota share reinsurance agreement entered into on 1 January 2013 for a term of three years.

NOTE 27 – OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS

In millions of euros	30.06.2016			30.06.2015		
	France	Inter-national	Total	France	Inter-national	Total
Income from non-current operations	8		8	9		9
Expenses from non-current operations	(53)	(10)	(63)	(20)	(10)	(31)
Total	**(45)**	**(10)**	**(55)**	**(11)**	**(10)**	**(22)**

NOTE 28 – FINANCING EXPENSES

In millions of euros	30.06.2016	30.06.2015
Interest expenses on loans and debts	(30)	(31)
Interest income and expenses – Other		
Total financing expenses	**(30)**	**(31)**

NOTE 29 – BREAKDOWN OF TAX EXPENSES

NOTE 29.1 – BREAKDOWN OF TAX EXPENSES BY OPERATING SEGMENT

In millions of euros	30.06.2016			30.06.2015		
	France	Inter-national	Total	France	Inter-national	Total
Current taxes	1	(16)	(15)	66	(13)	53
Deferred taxes	8	(1)	7	90	(4)	86
Total	**9**	**(16)**	**(8)**	**156**	**(17)**	**139**

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

NOTE 29.2 – RECONCILIATION BETWEEN TOTAL ACCOUNTING TAX EXPENSE AND THEORETICAL TAX EXPENSE CALCULATIONS

In millions of euros	30.06.2016	30.06.2015
Theoretical tax expense	**3**	**11**
Impact of expenses or income defined as non-deductible or non-taxable	(12)	(12)
Impact of differences in tax rate	1	141
Tax credit and various charges		
Charges of prior deficits		
Losses for the fiscal year not capitalised		
Deferred tax assets not accounted for		(2)
Other differences		1
Effective tax expense	**(8)**	**139**

Overall, income tax corresponded to an expense (deferred tax plus corporate tax) of €8 million at 30 June 2016, versus an income of €139 million at 30 June 2015.

The change between the two years is mainly explained by the change in “impact of differences in rates”. Recall that at 30 June 2015, the group posted capital gains on strategic securities eligible for a reduced tax rate.

The reconciliation with the theoretical statutory tax is as follows:

In millions of euros	30.06.2016		30.06.2015	
	Consolidated income (losses) before tax	Theoretical tax rate	Consolidated income (losses) before tax	Theoretical tax rate
France	(67)	34.43%	(52)	34.43%
Bulgaria		10.00%		10.00%
China	3	25.00%	5	25.00%
Greece	5	29.00%	1	26.00%
Hungary	10	19.00%	9	19.00%
Italy	30	30.82%	35	34.32%
Portugal		22.50%	2	22.50%
Romania	2	16.00%	3	16.00%
United Kingdom	6	20.00%	6	20.25%
Tunisia	3	30.00%	5	30.00%
Turkey	(18)	20.00%	(46)	20.00%
Total	**(26)**		**(32)**	

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

OTHER INFORMATION

NOTE 30 – COMMITMENTS GIVEN AND RECEIVED

NOTE 30.1 – COMMITMENTS GIVEN AND RECEIVED – BANKING BUSINESS

In millions of euros	30.06.2016	31.12.2015
Financing commitments received		
Guarantee commitments received	681	629
Securities commitments receivable	16	
Total commitments received on banking business	**697**	**629**
Commitments received on currency transactions	7	
Other commitments received		
Total other commitments received on banking business	**7**	
Financing commitments given	182	570
Guarantee commitments given	19	17
Commitments on securities to be delivered	1	
Total commitments given on banking business	**202**	**587**
Commitments given on currency transactions	7	
Commitments given on financial instrument transactions	10	17
Total other commitments given on banking business	**17**	**17**
Other commitments given	1,449	1,446
Total other commitments given	**1,449**	**1,446**

Off-balance sheet commitments received on banking business amounted to €697 million.

Commitments given totalled €202 million and specifically concerned client commitments.

Other commitments were given for €1,449 million, including €1,368 million representing the amount of eligible securities used as collateral for a possible drawdown of assets, as part of the refinancing with the ECB and €81 million with Banque de France. This amount was €108 million at 31 December 2015.

NOTE 30.2 – COMMITMENTS GIVEN AND RECEIVED – INSURANCE AND REINSURANCE BUSINESSES

In millions of euros	30.06.2016	31.12.2015
Endorsements, securities, and guarantees received	77	81
Other commitments received	1,363	858
Total commitments received, excluding reinsurance	**1,440**	**939**
Commitments received for reinsurance	**432**	**475**
Endorsements, securities, and guarantees given	273	329
Other commitments on securities, assets, or income	455	453
Other commitments given	1,449	826
Total commitments given excluding reinsurance	**2,177**	**1,608**
Reinsurance commitments given	**4,600**	**4,475**
Securities belonging to protection insurance institutions		
Other securities held on behalf of third parties		

Endorsements, securities, and guarantees received totalled €77 million.

Other commitments received excluding reinsurance for €1,363 million are mainly made up of the following items:

- ✓ The line of credit established with HSBC in December 2014 for €750 million and not used at 30 June 2016.
- ✓ Securities received as collateral under the collateralisation mechanism put in place to guarantee the unrealised capital gains/losses on derivatives are also recorded in off-balance-sheet commitments. This is reflected in the financial statements by €530 million in commitments received for bond loans.
- ✓ Promises of sales of buildings by lot of the subsidiary Groupama Gan Vie for €60 million.

Endorsements, securities, and guarantees given totalled €273 million, consisting largely of the following major transactions:

- Guarantee given as part of the sale of Groupama Insurance for €140 million,
- Guarantee given as part of the sale of Groupama Seguros for €81 million.

Other commitments on securities, assets, or income

Other commitments on securities, assets, or income consist of subscriptions to venture capital funds ("FCPR"). The remaining €455 million corresponds to the difference between the investment commitment of the subscribers and the total of calls for funds actually received.

Other commitments given

Other commitments given amounted to €1,449 million. They mostly consist of the following elements:

- ✓ Securities given as collateral under the collateralisation mechanism put in place to guarantee the unrealised capital gains/losses on derivatives are recorded in other off-balance-sheet commitments. This is reflected in the financial statements by €797 million in commitments given for hedging of unrealised capital gains or losses on financial futures.
- ✓ And by €82 million in promises of sales mainly for the subsidiary Groupama Gan Vie.
- ✓ Bond loans given for €455 million in consideration of collateral recorded in commitments received.
- ✓ Commitments given on property work orders for €112 million mainly for the subsidiary SCI Window La Défense.

Unvalued commitments

Trigger clauses:

Groupama SA:

Furthermore, in conjunction with issues of subordinated instruments ("TSR" and "TSDI"), Groupama SA has trigger clauses:

Groupama SA is entitled to defer payment of interest on the October 2009 TSR of €750 million should the Group solvency margin fall below 100%.

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

NOTE 31 – LIST OF ENTITIES IN THE SCOPE OF CONSOLIDATION AND MAJOR CHANGES TO THE SCOPE OF CONSOLIDATION

The principal changes in the scope of consolidation are the following:

Newly consolidated entities

OPCI GGRF entered the consolidation scope on 30 June 2016.

The following entities changed their name:

- SCI Défense Astorg became SCI Window La Défense,
- OPCI GB2 became Groupama Gan Paris La Défense Office (GGPLDO).

One mutual fund entered the consolidation scope.

Eliminations from the scope of consolidation

Merger/takeover of HOLDCO SIIC by the subsidiary ICADE, approved by a vote during the combined general meeting of 23 May 2016.

One mutual fund was removed from the consolidation scope.

Transfer of activity

None.

	Business sector	Country	30.06.2016			31.12.2015		
			% control	% interest	Method	% control	% interest	Method
GROUPAMA S.A.	Holding	France	100.00	100.00	Parent co.	100.00	100.00	Parent co.
GIE GROUPAMA Supports et Services	EIG	France	99.99	99.99	FC	99.99	99.99	FC
GROUPAMA GAN VIE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN PATRIMOINE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CAISSE FRATERNELLE D'EPARGNE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.99	99.99	FC	99.99	99.99	FC
ASSUVIE	Insurance	France	50.00	50.00	FC	50.00	50.00	FC
GAN 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
LA BANQUE POSTALE IARD	Insurance	France	35.00	35.00	EM	35.00	35.00	EM
AMALINE ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CEGID	Insurance	France	27.72	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	99.37	99.37	FC	98.99	98.99	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	100.00	99.73	FC	100.00	99.56	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	100.00	FC	100.00	100.00	FC
STAR	Insurance	Tunisia	35.00	35.00	EM	35.00	35.00	EM
GROUPAMA ZASTRAHOVANE NON LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA 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
GUK BROKING SERVICES	Holding	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
CAROLE NASH	Brokerage	United Kingdom	91.40	91.40	FC	90.00	90.00	FC
BOLLINGTON LIMITED	Brokerage	United Kingdom	49.00	49.00	EM	49.00	49.00	EM
MASTERCOVER Insurance Services Limited	Brokerage	United Kingdom	100.00	100.00	FC	100.00	100.00	FC
COMPUCAR LIMITED	Insurance brokerage	United Kingdom	49.00	49.00	EM	49.00	49.00	EM
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SEGUROS PORTUGAL	Insurance	Portugal	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSET MANAGEMENT	Asset mgmt.	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA BANQUE	Banking	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA EPARGNE SALARIALE	Asset mgmt.	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA IMMOBILIER	Asset mgmt.	France	100.00	100.00	FC	100.00	100.00	FC
HOLDCO	Property	France				24.93	24.93	EM
ICADE	Property	France	13.00	12.95	EM	51.94	12.95	EM
COMPAGNIE FONCIERE PARISIENNE	Property	France	95.34	95.34	FC	95.32	95.32	FC
SCI WINDOW LA DEFENSE	Property	France	100.00	95.34	FC	100.00	95.32	FC
GAN FONCIER II	Property	France	100.00	100.00	FC	100.00	100.00	FC
IXELLOR	Property	France	100.00	100.00	FC	100.00	100.00	FC
79 CHAMPS ELYSÉES	Property	France	91.21	91.21	FC	91.21	91.21	FC
RENNES VAUGIRARD	Property	France	100.00	100.00	FC	100.00	100.00	FC
SOCIETE FORESTIERE GROUPAMA	Property	France	87.67	87.67	FC	87.67	87.67	FC
GROUPAMA GAN PARIS LA DEFENSE OFFICE	OPCI	France	100.00	95.34	FC	100.00	95.32	FC
OPCI GGRF	OPCI	France	100.00	100.00	FC			
SCI GAN FONCIER	Property	France	100.00	98.92	FC	100.00	98.92	FC
VICTOR HUGO VILLIERS	Property	France	100.00	98.92	FC	100.00	98.92	FC
1 BIS FOCH	Property	France	100.00	98.92	FC	100.00	98.92	FC
16 MESSINE	Property	France	100.00	98.92	FC	100.00	98.92	FC
40 RENE BOULANGER	Property	France				100.00	98.92	FC
9 MALESHERBES	Property	France	100.00	98.92	FC	100.00	98.92	FC
97 VICTOR HUGO	Property	France	100.00	98.92	FC	100.00	98.92	FC
44 THEATRE	Property	France	100.00	98.92	FC	100.00	98.92	FC
SCI UNI ANGES	Property	France	100.00	100.00	FC	100.00	100.00	FC
261 RASPAIL	Property	France	100.00	95.34	FC	100.00	95.32	FC

FC: Full consolidation EM: Equity method

	Business sector	Country	30.06.2016			31.12.2015		
			% control	% interest	Method	% control	% interest	Method
GAN INVESTISSEMENT FONCIER	Property	France	100.00	100.00	FC	100.00	100.00	FC
3 ROSSINI (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
150 RENNES (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
99 MALESHERBES (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
SCA CHATEAU D'AGASSAC	Property	France	25.00	25.00	EM	25.00	25.00	EM
102 MALESHERBES (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
LES FRERES LUMIERE	Property	France	100.00	100.00	FC	100.00	100.00	FC
CAP DE FOUSTE (SCI)	Property	France	61.31	61.31	EM	61.31	61.31	EM
PARIS FALGUIERE (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
CHAMALIERES EUROPE (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
12 VICTOIRE (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
DOMAINE DE FARES	Property	France	31.25	31.25	EM	31.25	31.25	EM
38 LE PELETIER (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
SCIMA GFA	Property	France	44.00	44.00	EM	44.00	44.00	EM
LABORIE MARCENAT	Property	France	64.52	64.52	EM	64.52	64.52	EM
DOMAINE DE NALYS	Property	France	69.57	69.57	EM	69.57	69.57	EM
GROUPAMA PIPACT	Property	France	31.91	31.91	EM	31.91	31.91	EM
ASTORG STRUCTUR GAD D	Mutual fund	France	99.99	99.99	FC	99.99	99.99	FC
ASTORG CTT D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA AAEXA D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG EURO SPREAD D	Mutual fund	France	99.73	99.73	FC	99.73	99.73	FC
WASHINGTON EURO NOURRI 14 FCP	Mutual fund	France	99.74	99.74	FC	99.74	99.74	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA CONVERTIBLES ID D	Mutual fund	France	86.10	86.10	FC	86.39	86.39	FC
GROUPAMA ENTREPRISES IC C	Mutual fund	France	29.03	29.03	EM	22.79	22.79	EM
GROUPAMA CREDIT EURO IC C	Mutual fund	France	56.04	56.04	FC	70.01	70.01	FC
GROUPAMA CREDIT EURO ID D	Mutual fund	France	59.08	59.08	FC	59.08	59.08	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 17 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual fund	France	99.88	99.88	FC	99.88	99.88	FC
GROUPAMA OBLIGATION MONDE I C	Mutual fund	France	93.51	93.51	FC	86.81	86.81	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual fund	France	99.64	99.64	FC	99.64	99.64	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 22 FCP	Mutual fund	France	99.88	99.88	FC	99.88	99.88	FC
WASHINGTON EURO NOURRI 23 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 24 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG STRUCTUR LIFE D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG TAUX VARIABLE D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
PROFIL GAGNANT C	Mutual fund	France				21.28	21.28	EM
GROUPAMA EONIA IC C	Mutual fund	France	27.85	27.85	EM	23.68	23.68	EM
GROUPAMA FP DETTE EMERGENTE G D	Mutual fund	France	84.83	84.83	FC	91.02	91.02	FC
ASTORG PENSION D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG CASH MT D	Mutual fund	France	99.45	99.45	FC	99.32	99.32	FC
GROUPAMA CREDIT EURO GD D	Mutual fund	France	44.37	44.37	EM	44.37	44.37	EM
GROUPAMA CREDIT EURO LT G D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 1 D	Mutual fund	France	99.32	99.32	FC	99.32	99.32	FC
ASTORG THESSALONIQUE 2 D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 3 D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 4 D	Mutual fund	France	99.78	99.78	FC	99.78	99.78	FC
ASTORG THESSALONIQUE 5 D	Mutual fund	France	99.56	99.56	FC	99.56	99.56	FC
ASTORG MONETAIRE D	Mutual fund	France	98.22	98.22	FC	98.12	98.12	FC
ASTORG DIV MONDE D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA CASH EQUIVALENT G D	Mutual fund	France	81.87	81.87	FC	100.00	100.00	FC
ASTORG REPO INVEST D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG OBLIGATIONS CT GA D	Mutual fund	France	100.00	100.00	FC			
G FUND - EUROPEAN CONVERTIBLE BONDS GD D	Mutual fund	France	93.83	93.83	FC	94.50	94.50	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 “property investments” and reclassifying on the income statement the dividends or share in the results of the companies in “income from property”.

STATUTORY AUDITORS' REVIEW REPORT ON THE 2016 HALF YEAR FINANCIAL INFORMATION

This is a free translation into English of the Statutory Auditors' review 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.

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, avenue Henri Régnault
Tour Exaltis
92400 Courbevoie

To the Shareholders
GROUPAMA S.A.
8-10, rue d'Astorg
75008 Paris

Dear Shareholders,

In compliance with the assignment entrusted to us by your Shareholder's Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Groupama SA, for the six months ended 30 June 2016;

- the verification of the information contained in the half-year activity report.

These condensed half-year consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these condensed financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of half-year financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 – "Interim Financial Reporting" as adopted by the European Union.

2. Specific verification

We have also verified the information given in the half-year activity report on the condensed half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 2 September 2016

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars	
Christine Billy	Antoine Esquieu	Nicolas Dusson

DECLARATION BY THE PERSON RESPONSIBLE FOR THE HALF YEAR FINANCIAL REPORT

I hereby declare that to my knowledge, the condensed 2016 half-year 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 all the companies included in its scope of consolidation, and the half-year activity report, to be found in the first part of this Report, accurately reflects the significant events which occurred during the first six months of the fiscal year and their impact on the half-year financial statements, the transactions with affiliates and the main risks and uncertainties for the remaining six months of the fiscal year.

Paris, 15 September 2016

Thierry Martel

Chief Executive Officer