



COMBINED FINANCIAL STATEMENTS

GROUPAMA
30 June 2018
IFRS

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FINANCIAL STATEMENTS

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

ASSETS		30.06.2018	31.12.2017
Goodwill	Note 2	1,903	1,915
Other intangible assets		304	294
Intangible assets		2,207	2,208
Investment property excluding unit-linked items	Note 3	1,473	1,406
Unit-linked investment property	Note 6	121	118
Operating property	Note 4	794	812
Financial investments excluding unit-linked items	Note 5	75,293	75,537
Unit-linked financial investments	Note 6	9,381	9,212
Derivatives and separate embedded derivatives	Note 7	125	113
Insurance business investments		87,187	87,199
Funds used in banking sector businesses and investments of other businesses		75	101
Investments in related companies and joint ventures		500	493
Share of outward reinsurers and retrocessionnaires in liabilities relating to insurance and financial contracts	Note 8	1,227	1,359
Other property, plant and equipment		254	236
Deferred acquisition costs		283	219
Deferred profit-sharing assets			
Deferred tax assets	Note 9	37	36
Receivables arising from insurance and inward reinsurance operations	Note 10	4,399	2,368
Receivables from outward reinsurance operations		97	180
Current tax receivables and other tax receivables		199	255
Other receivables		2,670	2,834
Other assets		7,939	6,128
Held-for-sale assets and discontinued businesses			447
Cash and cash equivalents		1,527	1,022
TOTAL		100,663	98,957

The notes on pages 12 to 51 are an integral part of the combined financial statements.

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

EQUITY & LIABILITIES		30.06.2018	31.12.2017
Initial capital		536	468
Revaluation reserves		1,548	1,780
Other reserves		7,144	6,872
Foreign exchange adjustments		(529)	(500)
Combined income		206	292
Shareholders' equity (Group share)		8,905	8,912
Non-controlling interests		14	13
Total shareholders' equity	Note 11	8,920	8,926
Reserves for contingencies and charges		632	692
Financing debt	Note 12	1,145	1,153
Technical liabilities relating to insurance policies	Note 13	62,904	60,077
Technical liabilities relating to financial contracts	Note 14	13,106	13,753
Deferred profit-sharing liabilities	Note 15	4,462	5,014
Resources from banking sector businesses		2	10
Deferred tax liabilities	Note 9	157	204
Debts to unit holders of consolidated mutual funds		1,166	239
Operating debts to banking sector companies		150	98
Debts arising from insurance or inward reinsurance operations		696	839
Debts arising from outward reinsurance operations		370	362
Current taxes payable and other tax liabilities		167	177
Derivative instrument liabilities	Note 7	622	659
Other debts		6,163	6,396
Other liabilities		9,492	8,975
Liabilities of held-for-sale or discontinued businesses			357
TOTAL		100,663	98,957

The notes on pages 12 to 51 are an integral part of the combined financial statements.

GROUPAMA
COMBINED INCOME STATEMENT (in millions of euros)

INCOME STATEMENT		30.06.2018	30.06.2017
Written premiums	Note 16	9,399	9,141
Change in unearned premiums		(2,308)	(2,276)
Earned premiums		7,091	6,865
Net banking income, net of cost of risk		80	72
Investment income		1,174	1,204
Investment expenses		(390)	(391)
Capital gains or losses from divestments net of impairment and depreciation write-backs		210	219
Change in fair value of financial instruments recorded at fair value through income		(10)	500
Change in impairment on investments		(1)	(3)
Investment income net of expenses	Note 17	983	1,530
Total income from ordinary businesses		8,154	8,467
Insurance policy servicing expenses	Note 18	(5,788)	(6,262)
Income on outward reinsurance	Note 19	(21)	71
Expenses on outward reinsurance	Note 19	(282)	(284)
Net outward reinsurance income and expenses		(6,091)	(6,475)
Banking operating expenses		(51)	(50)
Policy acquisition costs		(956)	(917)
Administrative costs		(236)	(260)
Other current operating income and expenses		(446)	(418)
Total other current income and expenses		(7,779)	(8,120)
CURRENT OPERATING INCOME		375	347
Other non-current operating income and expenses		1	(70)
OPERATING INCOME		376	277
Financing expenses		(40)	(48)
Share in income of related companies		(20)	(8)
Corporate income tax	Note 20	(89)	(66)
NET INCOME FROM CONTINUING BUSINESSES		227	156
Net income from discontinued or held-for-sale businesses	Note 2	(20)	127
OVERALL NET INCOME		206	283
of which, non-controlling interests			(2)
OF WHICH, NET INCOME (GROUP SHARE)		206	286

The notes on pages 12 to 51 are an integral part of the combined financial statements.

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

In millions of euros	30.06.2018			30.06.2017		
	Group share	Non-controlling interests	Total	Group share	Non-controlling interests	Total
Net income for fiscal year	206		206	286	(2)	283
Gains and losses recognised directly in shareholders' equity						
Items recyclable to income						
Change in foreign exchange adjustments	(29)		(29)	(28)		(28)
Change in gross unrealised capital gains and losses on available-for-sale assets	(900)	(5)	(905)	(240)	(1)	(242)
Revaluation of hedging derivatives				20		20
Change in shadow accounting	561	3	564	162	1	162
Change in deferred taxes	107	1	108	37		37
Other changes	(1)		(1)	(113)		(113)
Items not recyclable to income						
Restatement of net actuarial debt from pension commitments (defined-benefit schemes)	24		24	21		21
Change in deferred taxes	(8)		(8)	(7)		(7)
Other changes						
Total gains (losses) recognised directly in shareholders' equity	(247)	(1)	(248)	(149)		(149)
Net income and gains (losses) recognised in shareholders' equity	(41)	(1)	(42)	137	(2)	135

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

The notes on pages 12 to 51 are an integral part of the combined financial statements.

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

In millions of euros	Initial 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 as at 31.12.2016	222	322	1,513	5,509	1,640	(454)	8,752	18	8,770
Appropriation of 2016 income (loss)		(322)		322					
Dividends				(54)			(54)	(1)	(55)
Change in capital	246						246		246
Business combinations								(3)	(3)
Other			(414)				(414)		(414)
Impact of transactions with members	246	(322)	(414)	268			(222)	(3)	(225)
Foreign exchange adjustments						(46)	(46)		(46)
Available-for-sale assets					(667)		(667)	(3)	(670)
Shadow accounting					740		740	4	744
Deferred taxes				(10)	48		38		38
Actuarial gains (losses) of post-employment benefits				30			30		30
Other				(24)	20		(4)		(4)
Net income for fiscal year		292					292	(2)	290
Total income (expenses) recognised over the period		292		(4)	140	(46)	382	(1)	381
Total changes over the period	246	(30)	(414)	264	140	(46)	160	(5)	156
Shareholders' equity as at 31.12.2017	468	292	1,099	5,773	1,780	(500)	8,912	13	8,926
Appropriation of 2017 income (loss)		(292)		292					
Dividends				(34)			(34)		(34)
Change in capital	68						68		68
Business combinations								2	2
Other									
Impact of transactions with members	68	(292)		258			34	2	36
Foreign exchange adjustments						(29)	(29)		(29)
Available-for-sale assets					(900)		(900)	(5)	(905)
Shadow accounting					561		561	3	564
Deferred taxes				(8)	107		99	1	100
Actuarial gains (losses) of post-employment benefits				24			24		24
Other				(1)			(1)		(1)
Net income for fiscal year		206					206		206
Total income (expenses) recognised over the period		206		14	(232)	(29)	(41)	(1)	(42)
Total changes over the period	68	(86)		272	(232)	(29)	(7)	1	(6)
Shareholders' equity as at 30.06.2018	536	206	1,099	6,045	1,548	(529)	8,905	14	8,920

The notes on pages 12 to 51 are an integral part of the combined financial statements.

In millions of euros	Initial 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 as at 31.12.2016	222	322	1,513	5,509	1,640	(454)	8,752	18	8,770
Appropriation of 2016 income (loss)		(322)		322					
Dividends				(29)			(29)	(1)	(30)
Change in capital	185						185		185
Business combinations									
Other			(271)				(271)		(271)
Impact of transactions with members	185	(322)	(271)	293			(115)	(1)	(116)
Foreign exchange adjustments						(28)	(28)		(28)
Available-for-sale assets					(240)		(240)	(1)	(242)
Shadow accounting					162		162	1	162
Deferred taxes				(7)	37		30		30
Actuarial gains (losses) of post-employment benefits				21			21		21
Other				(113)	20		(93)		(93)
Net income for fiscal year		286					286	(2)	283
Total income (expenses) recognised over the period		286		(99)	(21)	(28)	137	(2)	135
Total changes over the period	185	(36)	(271)	194	(21)	(28)	22	(3)	19
Shareholders' equity as at 30.06.2017	407	286	1,242	5,703	1,619	(482)	8,774	15	8,789

**GROUPAMA
CASH FLOW STATEMENT**

(in millions of euros)

CASH FLOW STATEMENT	30.06.2018	30.06.2017
Operating income before taxes	376	277
Capital gains/losses on divestments	(198)	(75)
Net allocations to amortisation and depreciation	101	101
Change in deferred acquisition costs	(68)	(29)
Change in impairment	11	(134)
Net allocations to technical liabilities related to insurance policies and financial contracts	2,418	2,223
Net allocations to other reserves	(42)	12
Change in fair value of financial instruments and investments recognised at fair value through income (excluding cash and cash equivalents)	10	(500)
Other non-cash items included in operating income	28	10
Correction of elements included in the operating income other than cash flows and reclassification of investment and financing flows	2,262	1,608
Change in operating receivables and payables	(1,869)	(1,815)
Change in banking operating receivables and payables	16	21
Change in repo and reverse-repo securities	(127)	(210)
Cash flows from other assets and liabilities	(139)	770
Net tax paid	(64)	(47)
Net cash flows from operations	456	604
Acquisitions/divestments of subsidiaries and joint ventures, net of cash acquired	52	753
Stakes in related companies acquired/divested	(28)	(50)
Cash flows due to changes in scope of consolidation	24	703
Net acquisitions of financial investments (including unit-linked investments) and derivatives	73	(1,245)
Net acquisitions of investment property	(22)	(5)
Net acquisitions and/or issues of investments and derivatives relating to other businesses		
Other non-cash items	83	(101)
Cash flows from acquisitions and issues of investments	134	(1,350)
Net acquisitions of property, plant and equipment, intangible fixed assets and operating property	(147)	(94)
Cash flows from acquisitions and disposals of property, plant and equipment and intangible fixed assets	(147)	(94)
Net cash flows from investment	12	(742)
Membership fees		
Issue of capital instruments	69	185
Redemption of capital instruments		(271)
Transactions involving own shares		
Dividends paid ⁽¹⁾	(34)	(30)
Cash flows from transactions with shareholders and members	35	(116)
Cash allocated to financial debt	(8)	385
Interest paid on financial debt	(40)	(48)
Cash flows from Group financing	(48)	338
Net cash flows from financing	(13)	222
Cash and cash equivalents at 1 January	942	1,028
Net cash flows from operations	456	604
Net cash flows from investment	12	(742)
Net cash flows from financing	(13)	222
Cash flows from sold or discontinued assets and liabilities		1
Effect of foreign exchange changes on cash	(3)	(2)
Cash and cash equivalents at 30 June	1,394	1,111

⁽¹⁾ They correspond in particular to compensation for subordinated securities classified in shareholders' equity under IFRS.

CASH FLOW STATEMENT	30.06.2018
Cash and cash equivalents	1,022
Cash, central bank, postal bank and accounts receivable from banking businesses	19
Operating debts to banking sector companies	(98)
Cash and cash equivalents at 1 January	942
Cash and cash equivalents	1,527
Cash, central bank, postal bank and accounts receivable from banking businesses	17
Operating debts to banking sector companies	(150)
Cash and cash equivalents at 30 June	1,394

The notes on pages 12 to 51 are an integral part of the combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. SIGNIFICANT EVENTS AND POST-BALANCE SHEET EVENTS

Significant events

Financial Strength

Financial rating

On 19 April 2018, Fitch Ratings confirmed the 'A-' Insurer Financial Strength (IFS) ratings of Groupama SA and its subsidiaries and raised the outlook associated with these ratings from 'Stable' to 'Positive'.

Governance

On 7 June 2018, the Group finalised its remutualisation project under the "Sapin 2" law on transparency, the fight against corruption, and modernisation of the economy published on 21 December 2016.

Groupama SA, the Group's central body, was converted into a national agricultural reinsurance mutual with the status of a mutual insurance company, whose common name is Groupama Assurances Mutuelles. The conversion of Groupama SA into Groupama Assurances Mutuelles has no impact on the Group's solvency nor on commitments undertaken with regard to holders of its debts.

This conversion simplifies the Group's organisation and makes it consistent overall based on its three levels of mutualisation: local, regional and nation-wide mutuals. By unifying its values and organisation, the Groupama Group is demonstrating its commitment to its mutual insurance background, which is being used in an ambitious savings project for its members and customers.

This new organisation will enable the Group to have the legal and financial resources to potentially grow via operations for mutual insurance or for profit.

Following the creation of Groupama Assurances Mutuelles, the Board of Directors confirmed its trust in the current leadership at its first meeting on 7 June 2018 by reappointing Jean-Yves Dagès, Chairman of the Board of Directors, and Thierry Martel, CEO of Groupama, to continue to perform their roles.

Businesses

Portuguese subsidiaries

The memorandum of agreement for the sale of the two Portuguese subsidiaries signed in September 2017 between Groupama SA and Benefits and Increases Unipessoal Lda was approved by the local regulatory authorities on 18 January 2018, and the closing took place on 2 February 2018.

Partnerships

On 9 February 2018, Groupama, the leading insurer of farmers, became one of the principal partners of La Ferme Digitale, an association of start-ups aiming to promote innovation and digital technology for agriculture. With this partnership, Groupama is continuing its support for the agriculture of both today and tomorrow and is moving to a new level in its support for the thriving market of new technologies for agriculture.

On 5 March 2018, the Groupama Group joined forces with the fintech Sapiendo-Retraite, a recognised pensions expert in France, to enhance its offering of digital pension services.

POST-BALANCE SHEET EVENTS

None

2. COMBINATION PRINCIPLES, METHODS, AND SCOPE

2.1. EXPLANATORY NOTE

Groupama Assurances Mutuelles is a national agricultural reinsurance mutual, which is a special form of mutual insurance company, wholly owned by the regional agricultural insurance and reinsurance mutuals and the specialised mutuals ("regional mutuals"), which form the Mutual Insurance Division of Groupama. Groupama Assurances Mutuelles is domiciled in France. Its registered offices are at 8-10, rue d'Astorg, 75008, Paris, France.

The primary functions of Groupama Assurances Mutuelles, which is the central body of the Groupama network, the sole reinsurer for the regional mutuals, and the holding company for the equity management division of the Groupama Group, are as follows:

- to ensure the cohesion and proper operation of the network;
- to exercise administrative, technical and financial control over the structure and management of the organisations within the Groupama network;
- to define and implement the operational strategy of the Groupama Group in collaboration with the regional mutuals and in line with the strategies defined by the Mutual Insurance Advisory Board;
- to reinsure the regional mutuals;
- to direct all subsidiaries;
- to establish the external reinsurance programme for the entire Group;
- to take all necessary measures to ensure solvency and compliance with the commitments of each of the organisations within the network and of the entire Group;
- to prepare the consolidated and combined financial statements.

The consolidated financial statements of Groupama Assurances Mutuelles 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, Assurances Mutuelles, and its subsidiaries.

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

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

- within the Groupama Assurances Mutuelles 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 Assurances Mutuelles environment, particularly in terms of control;
- in the Mutual Insurance Division:
 - by an internal reinsurance treaty that binds the regional mutuals to Groupama Assurances Mutuelles;
 - by a security and solidarity plan between all the regional mutuals and Groupama Assurances Mutuelles.

The list of entities included in the scope of the Group's combined financial statements and the changes in this scope appear in note 21 to the financial statements.

The combined financial statements as at 30 June 2018 were approved by the Board of Directors, which met on 30 August 2018.

2.2. ACCOUNTING PRINCIPLES

The Group's combined financial statements at 30 June 2018 were prepared in accordance with the provisions of the International Accounting Standards and the interpretations applicable at 30 June 2018 as adopted by the European Union and in particular in accordance with IAS 34 on interim financial information.

They were prepared according to accounting principles consistent with those applied for the combined financial statements as at 31 December 2017 for the standards and interpretations already existing as of that date, which have not changed since then. They must be read together with the combined financial statements as at 31 December 2017.

All standards and interpretations that are mandatory for fiscal years starting on or after 1 January 2018 were applied when producing the Group's financial statements as at 30 June 2018. They have had no significant effect on the Group's financial statements as at 30 June 2018. The standards and interpretations in question are the following:

- IFRS 15: Income Recognition
- Amendments to IFRS 2: Classification and Measurement of Share-Based Payments
- Amendments to IAS 40: Transfers of Investment Property
- IFRIC 22: Foreign Currency Transactions and Advance Consideration

The Group has chosen to defer the application of IFRS 9 on financial instruments pursuant to the amendment to IFRS 4 "Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts", which allows groups whose main business is insurance to defer the application of IFRS 9 at the latest until the annual periods beginning on or after 1 January 2021. The Group meets the eligibility criteria defined in the amendment to defer the application of IFRS 9.

The rules for application of IFRS 9 and its potential impact on the Group's combined financial statements are currently under review.

IFRS 16 on leases, adopted in October 2017 by the European Union, with an application date of 1 January 2019, was not applied early. The analysis of its potential impact on the Group's combined financial statements is currently in progress.

IFRS 17 on insurance contracts, published in May 2017 by the IASB and intended to replace the current IFRS 4, has not yet been adopted by the European Union. Work to identify problems in implementing this standard is currently in progress.

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. 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.

In the preparation of the half-yearly combined financial statements, the judgements made by management in applying the Group's accounting principles pertain to the same items of the financial statements as in the combined financial statements for the fiscal year ended 31 December 2017.

All amounts on the combined balance sheet, the combined income statement, the statement of net income and gains/losses recognised directly in shareholders' equity, the statement of changes in shareholders' equity, the cash flow statement, and the notes are in millions of euros unless otherwise indicated. These amounts are rounded. Rounding differences may exist.

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	30.06.2018			31.12.2017		
	France	International	Total	France	International	Total
Intangible assets	909	1,298	2,207	890	1,318	2,208
Insurance business investments	80,235	6,952	87,187	80,123	7,076	87,199
Funds used in banking sector businesses and investments of other businesses	75		75	101		101
Investments in related companies and joint ventures	352	148	500	350	143	493
Share of outward reinsurers and retrocessionnaires in liabilities relating to insurance and financial contracts	1,090	138	1,227	1,248	112	1,359
Other assets	7,195	744	7,939	5,344	783	6,128
Held-for-sale assets and discontinued businesses					447	447
Cash and cash equivalents	1,420	107	1,527	824	198	1,022
Consolidated total assets	91,276	9,386	100,663	88,880	10,077	98,957
Reserves for contingencies and charges	566	66	632	613	80	692
Financing debt	1,145		1,145	1,153		1,153
Technical liabilities relating to insurance policies	58,246	4,658	62,904	55,324	4,754	60,077
Technical liabilities relating to financial contracts	11,238	1,869	13,106	11,916	1,837	13,753
Deferred profit-sharing liabilities	4,384	78	4,462	4,891	123	5,014
Resources from banking sector businesses	2		2	10		10
Other liabilities	9,234	258	9,492	8,685	290	8,975
Liabilities of held-for-sale or discontinued businesses					357	357
Total consolidated liabilities excluding shareholders' equity	84,814	6,929	91,743	82,591	7,440	90,031

NOTE 1.1.2 – SEGMENT REPORTING BY OPERATING SEGMENT – INCOME STATEMENT

In millions of euros	30.06.2018			30.06.2017		
	France	Inter-national	Total	France	Inter-national	Total
Earned premiums	5,873	1,218	7,091	5,641	1,224	6,865
Net banking income, net of cost of risk	80		80	72		72
Investment income	1,067	107	1,174	1,083	121	1,204
Investment expenses	(364)	(26)	(390)	(365)	(26)	(391)
Capital gains or losses from divestments net of impairment and depreciation write-backs	200	10	210	210	9	219
Change in fair value of financial instruments recorded at fair value through income	3	(13)	(10)	486	15	500
Change in impairment on investments	(1)		(1)	(2)		(3)
Total income from ordinary businesses	6,858	1,296	8,154	7,125	1,342	8,467
Insurance policy servicing expenses	(4,918)	(871)	(5,788)	(5,372)	(890)	(6,262)
Income on outward reinsurance	(48)	27	(21)	45	27	71
Expenses on outward reinsurance	(203)	(79)	(282)	(193)	(91)	(284)
Banking operating expenses	(51)		(51)	(50)		(50)
Policy acquisition costs	(729)	(227)	(956)	(711)	(206)	(917)
Administrative costs	(170)	(65)	(236)	(177)	(83)	(260)
Other current operating income and expenses	(408)	(38)	(446)	(384)	(34)	(418)
CURRENT OPERATING INCOME	332	43	375	282	65	347
Other operating income and expenses	2	(1)	1	(60)	(9)	(70)
OPERATING INCOME	334	43	376	222	56	277
Financing expenses	(40)		(40)	(48)		(48)
Share in income of related companies	(25)	4	(20)	(11)	3	(8)
Corporate income tax	(89)		(89)	(56)	(11)	(66)
NET INCOME FROM CONTINUING BUSINESSES	180	46	227	107	49	156
Net income from discontinued or held-for-sale businesses	(20)		(20)	125	3	127
OVERALL NET INCOME	160	46	206	232	51	283
of which, non-controlling interests				(2)		(2)
OF WHICH, NET INCOME (GROUP SHARE)	160	46	206	234	51	286

NOTE 1.2 – SEGMENT REPORTING BY BUSINESS
NOTE 1.2.1 – SEGMENT REPORTING BY BUSINESS – INCOME STATEMENT

In millions of euros	30.06.2018									
	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	2,796	3,077			5,873	826	392		1,218	7,091
Net banking income, net of cost of risk			80		80					80
Investment income	124	944		(1)	1,067	47	58	2	107	1,174
Investment expenses	(44)	(308)		(13)	(364)	(17)	(9)		(26)	(390)
Capital gains or losses from divestments net of impairment and depreciation write-backs	39	151		10	200		10		10	210
Change in fair value of financial instruments recorded at fair value through income	(7)	9		1	3	1	(14)		(13)	(10)
Change in impairment on investments		(1)			(1)					(1)
Total income from ordinary businesses	2,908	3,873	80	(2)	6,858	857	438	1	1,296	8,154
Insurance policy servicing expenses	(1,806)	(3,111)			(4,918)	(531)	(339)		(871)	(5,788)
Income on outward reinsurance	(90)	43			(48)	26	1		27	(21)
Expenses on outward reinsurance	(154)	(49)			(203)	(77)	(2)		(79)	(282)
Banking operating expenses			(51)		(51)					(51)
Policy acquisition costs	(459)	(271)			(729)	(173)	(54)		(227)	(956)
Administrative costs	(114)	(56)			(170)	(44)	(21)		(65)	(236)
Other current operating income and expenses	(165)	(181)	1	(62)	(408)	(32)	(5)	(1)	(38)	(446)
CURRENT OPERATING INCOME	119	247	30	(64)	332	26	18	0	43	375
Other operating income and expenses	(10)	(2)		14	2	(6)	5		(1)	1
OPERATING INCOME	109	245	30	(50)	334	19	23	0	43	376
Financing expenses				(39)	(40)					(40)
Share in income of related companies	(1)		(24)		(25)	4			4	(20)
Corporate income tax	(56)	(101)	(10)	78	(89)	4	(4)			(89)
NET INCOME FROM CONTINUING BUSINESSES	52	144	(4)	(12)	180	27	19	0	46	227
Net income from discontinued or held-for-sale businesses				(20)	(20)					(20)
OVERALL NET INCOME	52	144	(4)	(33)	160	27	19	0	46	206
of which, non-controlling interests										
OF WHICH, NET INCOME (GROUP SHARE)	52	144	(4)	(33)	160	27	19	0	46	206

In millions of euros	30.06.2017									
	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	2,780	2,861			5,641	826	398		1,224	6,865
Net banking income, net of cost of risk			72		72					72
Investment income	112	970		1	1,083	50	70	1	121	1,204
Investment expenses	(42)	(327)		4	(365)	(20)	(6)		(26)	(391)
Capital gains or losses from divestments net of impairment and depreciation write-backs	64	142		4	210	9			9	219
Change in fair value of financial instruments recorded at fair value through income	13	477		(4)	486	2	13		15	500
Change in impairment on investments		(2)			(2)					(3)
Total income from ordinary businesses	2,928	4,121	72	3	7,125	867	474	1	1,342	8,467
Insurance policy servicing expenses	(1,957)	(3,415)			(5,372)	(521)	(369)		(890)	(6,262)
Income on outward reinsurance	8	36			45	24	3		27	71
Expenses on outward reinsurance	(162)	(32)			(193)	(89)	(2)		(91)	(284)
Banking operating expenses			(50)		(50)					(50)
Policy acquisition costs	(453)	(258)			(711)	(157)	(49)		(206)	(917)
Administrative costs	(123)	(54)			(177)	(57)	(26)		(83)	(260)
Other current operating income and expenses	(155)	(173)		(57)	(384)	(29)	(3)	(1)	(34)	(418)
CURRENT OPERATING INCOME	86	227	23	(54)	282	37	28	0	65	347
Other operating income and expenses	(14)	(5)		(42)	(60)	(7)	(2)	(1)	(9)	(70)
OPERATING INCOME	71	222	23	(95)	222	30	26	(1)	56	277
Financing expenses				(47)	(48)					(48)
Share in income of related companies	(1)		(10)		(11)	3			3	(8)
Corporate income tax	(27)	(59)	(7)	37	(56)	(6)	(5)		(11)	(66)
NET INCOME FROM CONTINUING BUSINESSES	43	163	6	(105)	107	28	22	0	49	156
Net income from discontinued or held-for-sale businesses		17		108	125	3			3	127
OVERALL NET INCOME	43	180	6	3	232	30	21	0	51	283
of which, non-controlling interests				(3)	(2)					(2)
OF WHICH, NET INCOME (GROUP SHARE)	43	180	6	5	234	30	21	0	51	286

NOTE 2 – GOODWILL, RESULT FROM DISCONTINUED BUSINESSES AND BUSINESSES TO BE SOLD OR DISCONTINUED
NOTE 2.1 – GOODWILL

In millions of euros	30.06.2018				31.12.2017
	Gross value	Impairment	Foreign exchange adjustment	Net value	Net value
Opening value	2,909	(697)	(297)	1,915	1,985
Newly consolidated entities					
Eliminations from the scope of consolidation					0
France					(3)
Central and Eastern European countries			(12)	(12)	(3)
Turkey					(65)
United Kingdom					
Other changes during the fiscal year			(12)	(12)	(71)
Closing value	2,909	(697)	(309)	1,903	1,915

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

Changes during the fiscal year:

The changes that affected goodwill on the balance sheet correspond to exchange-rate differences.

Impairment test:

Goodwill is tested for impairment at least once a year. This test is carried out at the level of the cash-generating unit 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.
- The solvency margin integrated into the business plans is valued according to the prudential rules established by the Solvency 2 directive for subsidiaries whose country is subject to this regulation.

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

During the first half of 2018, no indicators of loss of value were detected.

It should be recalled that in fiscal years 2009 to 2017, the Group devalued goodwill by €697 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 OTP Bank 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;
- Turkey: €88 million in 2016 and €58 million in 2017.

NOTE 2.2 – INCOME FROM DISCONTINUED BUSINESSES

The net income of -€20 million corresponds to the loss on the sale of the Portuguese subsidiaries Groupama Seguros de Vida and Groupama Seguros, before taking into account an €18 million write-back of contingent liabilities.

NOTE 3 – INVESTMENT PROPERTY, EXCLUDING UNIT-LINKED INVESTMENTS

In millions of euros	30.06.2018			31.12.2017		
	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	1,500	194	1,694	1,403	204	1,607
Acquisitions	31	6	37	83	10	92
Change in scope of consolidation				(4)		(4)
Subsequent expenditure						
Assets capitalised in the year	83		83	175		175
Transfer from/to unit-linked property						
Transfer from/to operating property				30		30
Foreign exchange adjustments						
Outward reinsurance	(64)	(4)	(68)	(187)	(19)	(206)
Other						
Closing gross value	1,551	196	1,747	1,500	194	1,694
Opening cumulative amortisation & impairment	(260)		(260)	(265)		(265)
Increase	(11)		(11)	(26)		(26)
Change in scope of consolidation				4		4
Transfer from/to unit-linked property						
Transfer from/to operating property				(11)		(11)
Decrease	18		18	37		37
Other						
Closing cumulative amortisation & impairment	(254)		(254)	(260)		(260)
Opening cumulative long-term impairment	(21)	(6)	(27)	(22)	(7)	(29)
Long-term impairment recognised				(1)		(1)
Change in scope of consolidation						
Transfer from/to operating property						
Long-term impairment write-backs	8		8	2	1	3
Closing cumulative long-term impairment	(13)	(6)	(19)	(21)	(6)	(27)
Opening net value	1,218	188	1,406	1,116	197	1,313
Closing net value	1,283	190	1,473	1,218	188	1,406
Closing fair value of investment property	3,227	330	3,557	3,247	332	3,579
Unrealised capital gains/losses	1,944	140	2,084	2,029	144	2,173

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 businesses (see Note 4), amounted to €863 million at 30 June 2018 (net of profit sharing and tax), compared with €848 million at 31 December 2017.

The continuation of restructurings currently underway in various Paris properties explains the change in the assets capitalised in the year.

Sales of property during the fiscal year include in particular sales by vacant lots of the Group's residential assets as well as the sale of properties in the Paris region.

As per the fair value hierarchy established in IFRS 13, the fair value of investment property is ranked as Level 2 for €2,991 million and Level 3 for €566 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 – OPERATING PROPERTY

In millions of euros	30.06.2018			31.12.2017		
	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	1,218	69	1,287	1,227	71	1,299
Acquisitions	6	1	7	24	5	29
Change in scope of consolidation						
Assets capitalised in the year	10		10	7		7
Transfer from/to investment property				(30)		(30)
Foreign exchange adjustments	(1)		(1)	(1)		(1)
Outward reinsurance	(4)	(2)	(6)	(10)	(7)	(17)
Other						
Closing gross value	1,229	69	1,297	1,218	69	1,287
Opening cumulative amortisation & impairment	(388)		(388)	(378)		(378)
Increase	(17)		(17)	(30)		(30)
Change in scope of consolidation						
Transfer from/to investment property				11		11
Decrease	4		4	8		8
Other						
Closing cumulative amortisation & impairment	(401)		(401)	(388)		(388)
Opening cumulative long-term impairment	(86)		(87)	(70)		(70)
Long-term impairment recognised	(16)		(16)	(17)		(17)
Change in scope of consolidation						
Transfer from/to investment property						
Long-term impairment write-backs						
Closing cumulative long-term impairment	(102)		(102)	(86)		(87)
Opening net value	743	69	812	780	71	851
Closing net value	726	68	794	743	69	812
Closing fair value of operating property	1,039	122	1,161	1,053	122	1,175
Unrealised capital gains/losses	313	54	367	310	53	363

The additional allocations to reserves for impairment mainly concern a property held by Groupama Gan Vie.

NOTE 5 – FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS

In millions of euros	30.06.2018	31.12.2017
	Net value	Net value
Assets valued at fair value	73,930	74,020
Assets valued at amortised cost	1,363	1,518
Total financial investments excluding unit-linked items	75,293	75,537

The bond security repurchase agreement business represented €4,372 million versus €4,538 million as at 31 December 2017. The cash from these repurchase agreements is invested in specific funds held directly.

NOTE 5.1 – INVESTMENTS VALUED AT FAIR VALUE BY TYPE

In millions of euros	30.06.2018								
	Net amortised cost			Fair value ^(a)			Gross unrealised capital gains (losses)		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Equities and other variable-income investments									
Available-for-sale assets	3,168	221	3,388	3,987	250	4,237	820	29	849
Assets classified as “trading”	56		56	56		56			
Assets classified as “held for trading”	432	36	468	432	36	468			
Total equities and other variable-income investments	3,656	256	3,912	4,476	285	4,761	820	29	849
Bonds and other fixed-income investments									
Available-for-sale assets	44,241	4,448	48,689	50,111	4,683	54,794	5,870	236	6,105
Assets classified as “trading”	38	1	39	38	1	39			
Assets classified as “held for trading”	5,686	315	6,001	5,686	315	6,001			
Total bonds and other fixed-income investments	49,965	4,764	54,729	55,835	4,999	60,834	5,870	236	6,105
Cash mutual funds									
Assets classified as “trading”	5,707	48	5,755	5,707	48	5,755			
Assets classified as “held for trading”	2,360	220	2,580	2,360	220	2,580			
Total cash mutual funds	8,067	268	8,335	8,067	268	8,335			
Other investments									
Available-for-sale assets									
Assets classified as “trading”									
Assets classified as “held for trading”									
Total other investments									
Total investments valued at fair value	61,687	5,288	66,976	68,377	5,553	73,930	6,690	265	6,954

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

At 30 June 2018, unrealised capital gains recognised for accounting purposes through shareholders' equity (revaluation reserve) as available-for-sale financial assets totalled €6,954 million compared with €7,859 million as at 31 December 2017.

In millions of euros	31.12.2017								
	Net amortised cost			Fair value ^(a)			Gross unrealised capital gains (losses)		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Equities and other variable-income investments									
Available-for-sale assets	2,729	320	3,049	3,706	324	4,030	977	4	981
Assets classified as "trading"	33		33	33		33			
Assets classified as "held for trading"	504	199	703	504	199	703			
Total equities and other variable-income investments	3,266	519	3,785	4,243	523	4,766	977	4	981
Bonds and other fixed-income investments									
Available-for-sale assets	44,787	4,252	49,039	51,261	4,656	55,918	6,475	404	6,878
Assets classified as "trading"	127	1	128	127	1	128			
Assets classified as "held for trading"	4,760	273	5,033	4,760	273	5,033			
Total bonds and other fixed-income investments	49,674	4,526	54,200	56,148	4,930	61,078	6,475	404	6,878
Cash mutual funds									
Assets classified as "trading"	5,572	40	5,612	5,572	40	5,612			
Assets classified as "held for trading"	2,423	141	2,563	2,423	141	2,563			
Total cash mutual funds	7,995	181	8,176	7,995	181	8,176			
Other investments									
Available-for-sale assets									
Assets classified as "trading"									
Assets classified as "held for trading"									
Total other investments									
Total investments valued at fair value	60,935	5,226	66,161	68,386	5,634	74,020	7,451	408	7,859

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

NOTE 5.2 – INVESTMENTS VALUED AT AMORTISED COST IN NET VALUE

In millions of euros	30.06.2018			31.12.2017		
	France	International	Total	France	International	Total
Loans	99	57	156	103	59	162
Deposits	881	253	1,134	928	252	1,181
Other	72		72	176		176
Total financial investments excluding unit-linked items	1,053	310	1,363	1,207	311	1,518

NOTE 5.3 – RESERVES FOR IMPAIRMENT OF INVESTMENTS

In millions of euros	30.06.2018			31.12.2017		
	Gross	Reserves	Net	Gross	Reserves	Net
Available-for-sale assets						
Equities and other variable-income investments	3,682	(294)	3,388	3,354	(305)	3,049
Bonds and other fixed-income investments	48,702	(13)	48,689	49,046	(7)	49,039
Other investments						
Total available-for-sale assets	52,384	(307)	52,077	52,400	(312)	52,089
Financial investments valued at amortised cost	1,365	(2)	1,363	1,520	(2)	1,518
Financial investments valued at amortised cost	1,365	(2)	1,363	1,520	(2)	1,518

Total long-term impairment reserves for investments valued at fair value were €307 million, compared with €312 million as at 31 December 2017.

Regarding equities, a reserve of €120 million was established for strategic securities.

The amount of reserves for long-term impairment on investments valued at amortised cost remains unchanged at €2 million.

Reserves were determined in accordance with the rules set out in paragraph 3.2.1 of the accounting principles of the financial statements at 31 December 2017.

NOTE 5.4 – BOND PORTFOLIO – BY RATING

The presentation below pertains 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	30.06.2018						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	2,566	24,257	9,754	13,878	153	373	50,982
Classified as “trading”							
Classified as “held for trading”	50	60	841	26		1	978
Total listed bonds	2,616	24,318	10,595	13,904	153	374	51,960
Unlisted bonds							
Available-for-sale	2	7	10	100		44	163
Classified as “trading”							
Classified as “held for trading”			24			9	33
Total unlisted bonds	2	7	34	100		54	196
Total bond portfolio	2,618	24,325	10,629	14,004	153	428	52,156

In millions of euros	31.12.2017						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	2,427	23,895	7,776	17,502	193	545	52,338
Classified as “trading”							
Classified as “held for trading”	51	57	793	35		2	938
Total listed bonds	2,478	23,952	8,569	17,537	193	547	53,276
Unlisted bonds							
Available-for-sale	2	7	10	103		8	131
Classified as “trading”							
Classified as “held for trading”			24			6	29
Total unlisted bonds	2	7	34	103		14	160
Total bond portfolio	2,480	23,959	8,603	17,641	193	561	53,436

NOTE 5.5 – 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 business 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	30.06.2018				31.12.2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
Equities and other variable-income investments	3,771	99	367	4,237	3,585	97	348	4,030
Bonds and other fixed-income investments	52,967	739	1,088	54,794	54,142	722	1,053	55,918
Other investments								
Total available-for-sale assets	56,738	839	1,455	59,031	57,728	819	1,401	59,948
Trading assets								
Equities and other variable-income investments classified as “trading” or “held for trading”	223		301	524	367		369	736
Bonds and other fixed-income investments classified as “trading” or “held for trading”	5,064	471	504	6,040	4,233	438	490	5,161
Cash mutual funds classified as “trading” or “held for trading”	8,331	4		8,335	8,131	44		8,175
Other investments								
Total trading assets	13,619	475	805	14,899	12,730	482	859	14,072
Subtotal of financial investments excluding unit-linked items measured at fair value	70,356	1,314	2,260	73,930	70,458	1,302	2,260	74,020
Investments in unit-linked policies	6,750	2,494	257	9,502	5,681	3,361	287	9,329
Derivative assets and liabilities		(497)		(497)		(546)		(546)
Total financial assets and liabilities valued at fair value	77,107	3,311	2,517	82,935	76,139	4,117	2,547	82,803

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

Derivative instruments posted to assets totalled €125 million, and derivative instruments posted to liabilities on the balance sheet totalled €622 million as at 30 June 2018. These instruments are 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 €162 million as at 30 June 2018, compared with €163 million as at 31 December 2017.

In millions of euros	30.06.2018								Investments in unit-linked policies	Derivative assets and liabilities
	Available-for-sale assets			Trading assets						
	Equities	Bonds	Other investments	Equities	Bonds	Cash mutual funds	Other investments			
Level 3 opening amount	348	1,053		369	490			287		
Change in unrealised capital gains/losses recognised in:										
- income				(65)	(6)					
- gains and losses recognised directly in shareholders' equity	8	(9)								
Transfer to level 3	3									
Transfer outside of level 3										
Reclassification to loans and receivables										
Change in scope of consolidation										
Acquisitions	11	64		19	38					
Divestments/Redemptions	(2)	(20)		(23)	(16)			(20)		
Foreign exchange adjustments	(2)				(1)			(11)		
Level 3 closing amount	367	1,088		301	504			257		

NOTE 6 - INVESTMENTS REPRESENTING COMMITMENTS IN UNIT-LINKED INVESTMENTS

In millions of euros	30.06.2018			31.12.2017		
	France	International	Total	France	International	Total
Variable-income securities and related securities		3	3		4	4
Bonds	2,555	488	3,043	3,027	505	3,532
Equity mutual fund units	5,651	179	5,830	4,990	168	5,158
Bond and other UCITS units	185	256	441	173	273	446
Other investments		64	64		71	71
Subtotal of unit-linked financial investments	8,391	990	9,381	8,190	1,022	9,212
Unit-linked investment property	121		121	118		118
Subtotal of unit-linked investment property	121		121	118		118
Total	8,512	990	9,502	8,308	1,022	9,329

The unit-linked investments are solely connected to the life and health insurance business.

NOTE 7 – ASSET AND LIABILITY DERIVATIVE INSTRUMENTS AND SEPARATE EMBEDDED DERIVATIVES

In millions of euros	30.06.2018					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	122	(616)			122	(616)
Options						
Foreign currency futures	2	(6)			2	(6)
Other						
Total	124	(622)			125	(622)

In millions of euros	31.12.2017					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	108	(652)			108	(652)
Options	5	(5)			6	(5)
Foreign currency futures		(2)				(2)
Other						
Total	113	(659)			113	(659)

As at 30 June 2018, 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,
- Fixed-rate swaps to hedge variable-rate indexed underlyings,
- 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,
- Hedging for risk of widening bond spreads.

This last hedge was the subject of specific documentation for accounting hedges at fair value under IAS39.

Other derivatives are not recorded as hedging transactions in the sense of IAS 39. As per the principles described in Section 3.3 of the financial statements as at 31 December 2017, 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 8 – SHARE OF OUTWARD REINSURERS AND RETROCESSIONAIRES IN LIABILITIES RELATED TO INSURANCE POLICIES AND FINANCIAL CONTRACTS

In millions of euros	30.06.2018			31.12.2017		
	France	International	Total	France	International	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	16	48	64	11	19	30
Outstanding claims reserves	649	83	732	807	87	894
Other underwriting reserves	358	1	359	354	1	355
Total	1,024	132	1,156	1,172	107	1,279
Share of reinsurers in life insurance reserves						
Life insurance reserves	25	2	27	25	2	27
Outstanding claims reserves	30	3	33	40	3	43
Profit-sharing reserves	11		11	11		11
Other underwriting reserves						
Total	66	6	71	75	5	80
Share of reinsurers in financial contract reserves						
Total	1,090	138	1,227	1,248	112	1,359

NOTE 9 – DEFERRED TAXES

NOTE 9.1 – ANALYSIS OF THE MAJOR COMPONENTS OF DEFERRED TAXES

In millions of euros	30.06.2018	31.12.2017
Deferred taxes resulting from timing differences		
Restatements on AFS & Trading financial instruments (net of deferred profit sharing)	(503)	(631)
Life acquisition costs and overall management expenses reserve	(48)	(52)
Consolidation restatements on technical reserves	(151)	(158)
Other differences on consolidation restatements	119	146
Deferred non-life acquisition costs	(62)	(56)
Tax differences on technical reserves and other contingent liabilities	354	392
Tax-deferred capital gains	(5)	(6)
Valuation difference on mutual funds	123	148
Foreign exchange hedge	8	8
Other temporary tax differences	35	37
Subtotal of deferred taxes resulting from timing differences	(130)	(173)
Deferred taxes on ordinary losses	9	4
Deferred taxes recorded on the balance sheet	(120)	(168)
of which, assets	37	36
of which, liabilities	(157)	(204)

Deferred tax assets from ordinary losses amounted to €9 million as at 30 June 2018, compared with €4 million as at 31 December 2017, a reduction of €5 million.

Unrecognised deferred tax assets amounted to €15 million as at 30 June 2018, compared with €21 million as at 31 December 2017.

On the France scope, deferred taxes were determined by taking into account the gradual decline in the projected corporate tax rate to 25.82% by 2022.

NOTE 10 – RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE TRANSACTIONS
NOTE 10.1 – RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE – BY OPERATING SEGMENT

In millions of euros	30.06.2018						31.12.2017	
	France			International			Total	Total
	Gross value	Reserves	Net value	Gross value	Reserves	Net value		
Earned unwritten premiums	833		833	23		23	856	755
Policyholders, intermediaries, and other third parties	2,859	(23)	2,836	360	(69)	291	3,126	1,212
Current accounts — co-insurers and other third parties	118	(2)	116	60	(37)	22	138	86
Current accounts — ceding and retroceding companies	271		271	8		8	279	316
Total	4,080	(25)	4,055	451	(107)	344	4,399	2,368

NOTE 11 – SHAREHOLDERS’ EQUITY, MINORITY INTERESTS**NOTE 11.1 – SHARE CAPITAL LIMITS FOR INSURANCE COMPANIES**

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

Additionally, in order to ensure a solid financial position for insurance companies and to guarantee protection for insurance customers, in France, insurance companies are subject since 1 January 2016 to the “Solvency 2” regulatory system, which was introduced by European directive 2009/138/EC of 25 November 2009. It requires insurance companies to continuously comply with the capital requirements relating to the minimum capital requirement (Article L352-5 of the French insurance code) and the solvency capital requirement (Article L352-1 of the French insurance code) calculated in accordance with the provisions of delegated regulation no. 2015/35. This obligation also exists abroad, according to similar mechanisms. This entire mechanism is reinforced at the level of the consolidated financial statements by a Group regulatory capital requirement, taking into account, where applicable, the banking businesses held by the insurance group.

NOTE 11.2 – IMPACTS OF TRANSACTIONS WITH MEMBERS

➤ **Change in the Group’s shareholders’ equity during the first half of 2018**

Article 52 of the law on transparency, the fight against corruption and the modernisation of economic life, published on 10 December 2016, forced Groupama’s central body, Groupama SA, to change its legal form from a public limited company (*société anonyme*) to an agricultural reinsurance mutual (*caisse de réassurance mutuelle agricole*).

On 7 June 2018, Groupama SA was converted into a national agricultural reinsurance mutual, which is a special form of mutual insurance company, whose common name is Groupama Assurances Mutuelles. This conversion has no impact on the combined shareholders’ equity.

During the first half of 2018, the regional mutuals issued €68 million in mutual certificates to their members and customers.

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

The bond classified as shareholders’ equity consists of a fixed-rate perpetual subordinated bond (TSDI), issued in May 2014, at a fixed interest rate of 6.375% for a nominal amount of €1,100 million.

This bond has 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 its characteristics and pursuant to IAS 32 §16 and 17, this bond is considered an equity instrument and not a financial liability. It is therefore recognised under shareholders’ equity. Interest costs net of tax are charged directly against shareholders’ equity in accordance with IAS 32 § 35 (rather than as an expense in the income statement).

NOTE 11.3 – RESERVES RELATED TO CHANGES IN FAIR VALUE RECORDED IN SHAREHOLDERS' EQUITY

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

In millions of euros	30.06.2018	31.12.2017
Gross unrealised capital gains/losses on available-for-sale assets	6,954	7,859
Shadow accounting	(4,923)	(5,487)
Cash flow hedge and other changes	(40)	(40)
Deferred taxes	(438)	(545)
Share of non-controlling interests	(5)	(6)
Revaluation reserve - Group share	1,548	1,780

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 then a short-term tax rate on deferred profit sharing ("shadow accounting"). Under the new rules for long-term capital gains/losses applicable as at 1 January 2006, the unrealised capital gains on "strategic" equity interests are exempt for the calculation of the deferred tax up to a maximum percentage of costs and expenses (i.e., an effective rate of 3.84 %).

"Cash flow hedge and other changes" for -€40 million includes a cash flow hedge revaluation reserve of -€22 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 12 – FINANCING DEBT

NOTE 12.1 – FINANCING DEBT – BY MATURITY

In millions of euros	30.06.2018				31.12.2017			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Subordinated debt of insurance companies			1,137	1,137			1,136	1,136
Financing debt represented by securities								
Financing debt with banking-sector companies	2	6		8	7	10		17
Total	2	6	1,137	1,145	7	10	1,136	1,153

The Group's external debt decreased by €8 million as of 30 June 2018 from the figure at 31 December 2017, respectively €1,145 million versus €1,153 million. This decrease came from "Financing debts to banking sector companies".

The subordinated debts classified as "financing debts" at 30 June 2018 are detailed below:

- the subordinated redeemable bond issued in 2009 totals €500 million;
- the subordinated redeemable bond issued in 2017 totals €637 million.

The key terms of this 2009 subordinated redeemable bond are as follows:

- the term of the bond is 30 years,
- an early redemption option available to Groupama Assurances Mutuelles that it may exercise starting 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 Assurances Mutuelles has the option of deferring interest payments if the Group's solvency margin is below 100%.

The key terms of this 2017 subordinated redeemable bond are as follows:

- the term of the bond is 10 years,
- Groupama Assurances Mutuelles is prohibited from paying interest in the event of regulatory deficiencies. Deferred interest will be interest arrears.

At 30 June 2018, the rating:

- of the 2009 issue is 108.2%, compared with 113.7% at 31 December 2017;
- of the 2017 issue is 119.1%, compared with 126.3% at 31 December 2017.

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

"Financing debts to banking sector companies" amounted to €8 million. It decreased by €9 million, including €4 million corresponding to the payments to minority shareholders of Groupama Assurances Mutuelles following its conversion.

NOTE 13 – LIABILITIES RELATED TO INSURANCE POLICIES
NOTE 13.1 – LIABILITIES RELATED TO INSURANCE POLICIES – BY OPERATING SEGMENT

In millions of euros	30.06.2018			31.12.2017		
	France	International	Total	France	International	Total
Gross technical reinsurance reserves						
Life insurance reserves	31,693	773	32,466	31,723	800	32,523
Outstanding claims reserves	625	51	676	629	68	697
Reserves for profit-sharing	652	2	654	240	4	244
Other underwriting reserves	2	19	21	2	21	24
Total Life insurance	32,973	844	33,818	32,594	893	33,487
Reserves for unearned premiums	3,290	708	3,998	1,087	650	1,737
Outstanding claims reserves	9,378	2,059	11,437	9,342	2,135	11,477
Other underwriting reserves	3,698	35	3,733	3,592	36	3,628
Total Non-life insurance	16,366	2,803	19,169	14,022	2,821	16,842
Life insurance reserves for unit-linked policies	8,907	1,011	9,918	8,708	1,040	9,748
Total	58,246	4,658	62,904	55,324	4,754	60,077

The adequacy tests carried out on liabilities as at 30 June 2018 were found to be satisfactory and did not result in the recognition of any additional technical expense.

NOTE 13.2 – LIABILITIES RELATED TO INSURANCE POLICIES BY BUSINESS

In millions of euros	30.06.2018			31.12.2017		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross technical reinsurance reserves						
Life insurance reserves	32,466		32,466	32,523		32,523
Outstanding claims reserves	676		676	697		697
Reserves for profit-sharing	654		654	244		244
Other underwriting reserves	21		21	23		23
Total Life insurance	33,818		33,818	33,487		33,487
Reserves for unearned premiums	871	3,127	3,998	205	1,532	1,737
Outstanding claims reserves	1,109	10,329	11,437	1,090	10,387	11,477
Other underwriting reserves	2,857	876	3,733	2,828	800	3,628
Total Non-life insurance	4,837	14,332	19,169	4,122	12,719	16,842
Life insurance reserves for unit-linked policies	9,918		9,918	9,748		9,748
Total gross technical reserves relating to insurance policies	48,572	14,332	62,904	47,358	12,719	60,077

A more detailed approach was taken in contract allocations. A transfer of the profit-sharing reserve took place between liabilities relating to insurance policies to liabilities relating to financial contracts.

NOTE 14 – LIABILITIES RELATED TO FINANCIAL CONTRACTS

In millions of euros	30.06.2018	31.12.2017
Reserves on financial contracts with discretionary profit sharing		
Life technical reserves	12,574	12,855
Reserves on unit-linked policies	69	73
Outstanding claims reserves	112	107
Reserves for profit-sharing	187	553
Other underwriting reserves	1	1
Total	12,943	13,588
Reserves on financial contracts without discretionary profit sharing		
Life technical reserve		
Reserves on unit-linked policies	162	163
Outstanding claims reserves	1	1
Reserves for profit-sharing		
Other underwriting reserves		
Total	163	165
Total	13,106	13,753

A more detailed approach was taken in contract allocations. A transfer of the profit-sharing reserve took place between liabilities relating to insurance policies to liabilities relating to financial contracts.

NOTE 15 – DEFERRED PROFIT SHARING LIABILITIES

In millions of euros	30.06.2018			31.12.2017		
	France	International	Total	France	International	Total
Reserve for deferred profit sharing of insurance policies	4,384	10	4,393	4,891	17	4,909
Reserve for deferred profit sharing of financial contracts		68	68		106	106
Total	4,384	78	4,462	4,891	123	5,014

The rate of deferred profit sharing is determined entity by entity (based on regulatory requirements). It is based on the real rate of sharing of investment income between policyholders and shareholders and corresponds to the average real rates over the past three years. This average prevents the inclusion of non-recurring, atypical factors in the calculation.

In the particular case of France, a prospective analysis of the profit-sharing rates was performed based on three-year business plans, which confirms the rate used in the financial statements.

The rates used in France as at 30 June 2018 fall within a bracket of between 70.26% and 85.12%, with 83.70% for Groupama Gan Vie.

NOTE 16 – ANALYSIS OF PREMIUM INCOME
NOTE 16.1 – ANALYSIS OF INSURANCE PREMIUM INCOME BY MAJOR CATEGORY

In millions of euros	30.06.2018			30.06.2017		
	France	Inter-national	Total	France	Inter-national	Total
Individual retirement savings	956	240	1,196	900	258	1,158
Individual protection insurance	471	65	536	454	62	516
Individual health	1,088	31	1,119	1,079	37	1,117
Other	98		98	100		100
Individual life and health insurance	2,613	336	2,949	2,534	357	2,891
Group retirement savings	164	19	183	89	13	102
Group protection scheme	274	26	299	275	27	302
Group health	428	18	445	400	9	409
Other	230		230	204		204
Group life and health insurance	1,095	63	1,158	967	50	1,017
Life and health insurance	3,709	398	4,107	3,501	407	3,907
Motor	1,182	553	1,735	1,169	541	1,710
Other vehicles	77		77	79		79
Home insurance	822	105	927	807	102	908
Personal and professional casualty	320	7	327	317	7	324
Construction	150		150	146		146
Private and professional	2,551	666	3,217	2,517	650	3,167
Fleets	365	32	396	367	16	384
Business and local authorities casualty	356	89	445	359	88	446
Businesses and local authorities	721	121	841	726	104	830
Agricultural risks	455	121	575	457	138	594
Climate risks	119		119	125		125
Tractors and farming equipment	278		278	272		272
Agricultural business lines	852	121	973	853	138	990
Other business lines	226	35	261	212	35	247
Property and casualty insurance	4,349	942	5,292	4,307	927	5,234
Total Insurance	8,058	1,341	9,399	7,808	1,333	9,141

NOTE 17 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES
NOTE 17.1 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES – BY OPERATING SEGMENT

In millions of euros	30.06.2018			30.06.2017		
	France	Inter-national	Total	France	Inter-national	Total
Interest on deposits and financial investments income	916	102	1,018	949	114	1,063
Gains on foreign exchange transactions	37	4	41	26	5	31
Income from differences on redemption prices to be received (premium-discount)	58	1	59	49	1	50
Income from property	56		56	59		59
Other investment income						
Income from investments	1,067	107	1,174	1,083	121	1,204
Interest received from reinsurers	(1)		(1)	(1)		(1)
Losses on foreign exchange transactions	(29)	(3)	(32)	(28)	(5)	(33)
Amortisation of differences in redemption prices (premium-discount)	(117)	(14)	(131)	(128)	(13)	(141)
Impairment and reserves on property	(41)	(1)	(42)	(25)	(3)	(28)
Management expenses	(176)	(7)	(184)	(183)	(5)	(188)
Investment expenses	(364)	(26)	(390)	(365)	(26)	(391)
Held for trading	(17)	7	(10)	(4)		(4)
Available-for-sale	167	3	169	163	9	172
Held to maturity						
Other	50	1	51	51		51
Capital gains (losses) from sales of investments, net of impairment and depreciation write-backs	200	10	210	210	9	219
Held for trading	(97)	(9)	(107)	(6)	4	(2)
Derivatives	31		31	117		117
Adjustments on unit-linked policies	69	(4)	66	376	10	386
Change in fair value of financial instruments recorded at fair value by income	3	(13)	(10)	486	15	500
Available-for-sale	(1)		(1)	(4)		(4)
Held to maturity						
Receivables and loans				1		1
Change in impairment losses on financial instruments	(1)		(1)	(2)		(3)
Total	905	78	983	1,411	118	1,530

NOTE 17.2 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (INCOME BREAKDOWN BY TYPE OF ASSET)

In millions of euros	30.06.2018					30.06.2017				
	Income and expenses	Proceeds of disposal (*)	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds of disposal (*)	Change in fair value	Change in reserves	Total
Property	29	51		(15)	65	32	51			83
Equities	45	54	(1)	(1)	97	41	125	(9)	(4)	153
Bonds	719	68	(6)		781	766	(7)	19		777
Equity mutual funds	85	64	(69)		80	54	42	6		102
Mutual funds: Cash from repurchase agreements		(8)	(1)		(9)		(7)	(1)		(7)
Other cash mutual funds		(3)	(3)		(6)		(2)	(1)		(3)
Fixed-income mutual funds	21	(16)	(18)		(14)	19	10	35		65
Derivatives			31		31			117		117
Other investment income	117	1	(8)		110	124	5	(51)	1	80
Investment income	1,015	210	(75)	(16)	1,134	1,036	219	115	(3)	1,366
Internal and external management expenses and other investment expenses	(178)				(178)	(180)				(180)
Other investment expenses	(38)				(38)	(43)				(43)
Investment expenses	(216)				(216)	(223)				(223)
Investment income, net of expenses	799	210	(75)	(16)	918	813	219	115	(3)	1,144
Capital gains on securities representing unit-linked policies			266		266			431		431
Capital losses on securities representing unit-linked policies			(200)		(200)			(45)		(45)
Total	799	210	(10)	(16)	983	813	219	500	(3)	1,530

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

NOTE 18 – INSURANCE POLICY SERVICING EXPENSES
NOTE 18.1 – INSURANCE POLICY SERVICING EXPENSES – BY OPERATING SEGMENT

In millions of euros	30.06.2018			30.06.2017		
	France	International	Total	France	International	Total
Claims						
Paid to policyholders	(4,906)	(902)	(5,807)	(4,908)	(889)	(5,797)
Change in technical reserves						
Outstanding claims reserves	(46)	54	8	(111)	59	(52)
Actuarial reserves	1,058	12	1,070	1,061	15	1,076
Unit-linked reserves	(397)	(4)	(401)	(625)	(34)	(659)
Profit sharing	(561)	(30)	(590)	(669)	(45)	(714)
Other underwriting reserves	(66)	(2)	(68)	(120)	3	(117)
Total	(4,918)	(871)	(5,788)	(5,372)	(890)	(6,262)

NOTE 19 – OUTWARD REINSURANCE INCOME (EXPENSES)
NOTE 19.1 – OUTWARD REINSURANCE INCOME (EXPENSES) – BY OPERATING SEGMENT

In millions of euros	30.06.2018			30.06.2017		
	France	Inter-national	Total	France	Inter-national	Total
Acquisition and administrative costs	21	12	34	23	14	37
Claims charges	(78)	15	(63)	13	13	26
Change in technical reserves	9		9	8		8
Profit sharing						
Change in the equalisation reserve						
Income on outward reinsurance	(48)	27	(21)	45	27	71
Outward premiums	(209)	(112)	(320)	(199)	(129)	(328)
Change in unearned premiums	5	33	38	6	38	44
Expenses on outward reinsurance	(203)	(79)	(282)	(193)	(91)	(284)
Total	(251)	(52)	(303)	(149)	(64)	(213)

NOTE 20 – BREAKDOWN OF TAX EXPENSES

NOTE 20.1 – BREAKDOWN OF TAX EXPENSES BY OPERATING SEGMENT

In millions of euros	30.06.2018			30.06.2017		
	France	International	Total	France	International	Total
Current taxes	(41)	(4)	(45)	(42)	(5)	(47)
Deferred taxes	(48)	3	(44)	(13)	(6)	(19)
Total	(89)	0	(89)	(56)	(11)	(66)

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 technical reserves for property and casualty, which was deemed excessive by the tax authorities, as well as the risk of dependence, were not subject to reserves. The Group continues to consider that the reasons for assessments are highly questionable and has prepared technical arguments for a litigation process.

NOTE 20.2 – RECONCILIATION BETWEEN TOTAL ACCOUNTING TAX EXPENSE AND THEORETICAL TAX EXPENSE CALCULATIONS

In millions of euros	30.06.2018	30.06.2017
Theoretical tax expense	(109)	(77)
Impact of expenses or income defined as non-deductible or non-taxable	27	(20)
Impact of differences in tax rate	(7)	30
Tax credit and various charges		
Charges of prior deficits		
Losses for the fiscal year not capitalised		
Deferred tax assets not accounted for		
Other differences		
Effective tax expense	(89)	(66)

Overall, income tax corresponded to an expense (deferred tax plus social tax) of €89 million as at 30 June 2018, versus an expense of €66 million as at 30 June 2017.

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

The reconciliation with the theoretical statutory tax is as follows:

In millions of euros	30.06.2018		30.06.2017	
	Consolidated income (losses) before tax	Theoretical tax rate	Consolidated income (losses) before tax	Theoretical tax rate
France	249	current tax: 34.43% deferred tax: 32.02%	288	34.43%
Bulgaria	1	10.00%	1	10.00%
China	3	25.00%	2	25.00%
Greece	9	29.00%	4	29.00%
Hungary	12	9.00%	12	9.00%
Italy	2	30.82%	25	30.82%
Portugal			(1)	22.50%
Romania	3	16.00%	4	16.00%
United Kingdom		19.00%	3	19.25%
Tunisia	1	30.00%	1	30.00%
Turkey	16	22.00%	11	20.00%
Total	296		350	

The theoretical tax rate applicable in France remains at 34.43% on current tax and is 32.02% on deferred tax. It should be emphasised that on the France scope, deferred taxes were determined by taking into account the gradual decline in the projected corporate tax rate to 25.82% by 2022.

The theoretical tax rates remained stable over the period, except in France.

OTHER INFORMATION

NOTE 21 – LIST OF ENTITIES IN THE SCOPE OF CONSOLIDATION AND MAJOR CHANGES TO THE SCOPE OF CONSOLIDATION

The main changes in the scope of consolidation are as follows:

Merger and change of corporate name and legal form

On 7 June 2018, Groupama SA was converted into a national agricultural reinsurance mutual, a special form of mutual insurance company, whose common name is Groupama Assurances Mutuelles. Prior to this conversion, Groupama Holding and Groupama Holding 2 were taken over by Groupama SA.

Disposals and removals from the scope of consolidation

Groupama Seguros Portugal and Groupama Seguros Vida Portugal were removed from the scope of consolidation following their sale on 2 January 2018.

Two mutual funds were removed from the scope of consolidation.

Change in consolidation method

One mutual fund changed its consolidation method from equity method to full consolidation.

	Business sector	Location of head office	30.06.2018			31.12.2017		
			% control	% interest	Method	% control	% interest	Method
GROUPAMA Méditerranée	Insurance	France	-	-	A	-	-	A
GROUPAMA Centre Manche	Insurance	France	-	-	A	-	-	A
GROUPAMA Grand Est	Insurance	France	-	-	A	-	-	A
GROUPAMA OC	Insurance	France	-	-	A	-	-	A
MISSO	Insurance	France	-	-	A	-	-	A
GROUPAMA Loire Bretagne	Insurance	France	-	-	A	-	-	A
GROUPAMA Paris Val-de-Loire	Insurance	France	-	-	A	-	-	A
GROUPAMA Nord-Est	Insurance	France	-	-	A	-	-	A
CAISSE des producteurs de tabac	Insurance	France	-	-	A	-	-	A
GROUPAMA Rhône-Alpes-Auvergne	Insurance	France	-	-	A	-	-	A
GROUPAMA Centre Atlantique	Insurance	France	-	-	A	-	-	A
GROUPAMA Antilles-Guyane	Insurance	France	-	-	A	-	-	A
GROUPAMA Océan Indien et Pacifique	Insurance	France	-	-	A	-	-	A
CLAMA Méditerranée	Insurance	France	-	-	A	-	-	A
CLAMA Centre Manche	Insurance	France	-	-	A	-	-	A
CLAMA Grand Est	Insurance	France	-	-	A	-	-	A
CLAMA OC	Insurance	France	-	-	A	-	-	A
CLAMA Loire Bretagne	Insurance	France	-	-	A	-	-	A
CLAMA Paris Val-de-Loire	Insurance	France	-	-	A	-	-	A
CLAMA Nord-Est	Insurance	France	-	-	A	-	-	A
CLAMA Rhône-Alpes-Auvergne	Insurance	France	-	-	A	-	-	A
CLAMA Centre Atlantique	Insurance	France	-	-	A	-	-	A
CLAMA Antilles-Guyane	Insurance	France	-	-	A	-	-	A
CLAMA Océan Indien et Pacifique	Insurance	France	-	-	A	-	-	A
GIE GROUPAMA Supports et Services	EIG	France	100.00	100.00	FC	100.00	99.97	FC
GROUPAMA CAMPUS	EIG	France	100.00	100.00	FC	100.00	99.97	FC
GROUPAMA ASSURANCES MUTUELLES	Holding	France	100.00	100.00	FC	99.97	99.97	FC
GROUPAMA HOLDING	Holding	France				100.00	100.00	FC
GROUPAMA HOLDING 2	Holding	France				100.00	100.00	FC
GROUPAMA HOLDING FILIALES et PARTICIPATIONS	Holding	France	100.00	100.00	FC	100.00	99.97	FC
COFINTEX 2	Holding	France	100.00	100.00	FC	100.00	99.97	FC
COFINTEX 17	Holding	France	100.00	100.00	FC	100.00	99.97	FC
COMPAGNIE FINANCIERE D'ORANGE BANK	Holding	France	35.00	35.00	EM	35.00	34.99	EM
GROUPAMA GAN VIE	Insurance	France	100.00	100.00	FC	100.00	99.97	FC
GAN PATRIMOINE	Insurance	France	100.00	100.00	FC	100.00	99.97	FC
CAISSE FRATERNELLE D'EPARGNE	Insurance	France	99.99	99.99	FC	99.99	99.96	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.99	99.99	FC	99.99	99.96	FC
ASSUVIE	Insurance	France	50.00	50.00	FC	50.00	49.99	FC
GAN PREVOYANCE	Insurance	France	100.00	100.00	FC	100.00	99.97	FC
GROUPAMA ASSURANCE CREDIT ET CAUTION	Insurance	France	100.00	100.00	FC	100.00	99.97	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	100.00	FC	100.00	99.97	FC
GAN ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	99.97	FC
GAN OUTRE MER	Insurance	France	100.00	100.00	FC	100.00	99.97	FC
SOCIÉTÉ FRANÇAISE DE PROTECTION JURIDIQUE	Insurance	France	100.00	100.00	FC	100.00	99.97	FC
LA BANQUE POSTALE IARD	Insurance	France	35.00	35.00	EM	35.00	33.99	EM
AMALINE ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	99.97	FC
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal				100.00	99.97	FC
GROUPAMA SIGORTA	Insurance	Turkey	99.52	99.52	FC	99.52	99.49	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	100.00	99.79	FC	100.00	99.76	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	100.00	FC	100.00	99.97	FC
STAR	Insurance	Tunisia	35.00	35.00	EM	35.00	34.99	EM
GROUPAMA ZASTRAHOVANE NON LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	99.97	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	99.97	FC
GROUPAMA BIZTOSITO	Insurance	Hungary	100.00	100.00	FC	100.00	99.97	FC
GROUPAMA PHOENIX Hellenic Asphaltistike	Insurance	Greece	100.00	100.00	FC	100.00	99.97	FC
GROUPAMA AVIC PROPERTY INSURANCES CO	Insurance	China	50.00	50.00	EM	50.00	49.99	EM

A: Aggregation FC: Full consolidation EM: Equity method

	Business sector	Location of head office	30.06.2018			31.12.2017		
			% control	% interest	Method	% control	% interest	Method
GUK BROKING SERVICES	Holding	United Kingdom	100.00	100.00	FC	100.00	99.97	FC
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	100.00	FC	100.00	99.97	FC
GROUPAMA SEGUROS Portugal	Insurance	Portugal				100.00	99.97	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	99.97	FC
GROUPAMA ASSET MANAGEMENT	Asset management	France	100.00	100.00	FC	100.00	99.97	FC
ORANGE BANK	Banking	France	35.00	35.00	EM	35.00	34.99	EM
GROUPAMA EPARGNE SALARIALE	Asset management	France	100.00	100.00	FC	100.00	99.97	FC
GROUPAMA IMMOBILIER	Asset management	France	100.00	100.00	FC	100.00	99.97	FC
COMPAGNIE FONCIERE PARISIENNE	Property	France	100.00	100.00	FC	100.00	99.97	FC
SCI WINDOW LA DEFENSE	Property	France	100.00	100.00	FC	100.00	99.97	FC
GAN FONCIER II	Property	France	100.00	100.00	FC	100.00	99.97	FC
IXELLOR	Property	France	100.00	100.00	FC	100.00	99.97	FC
79 CHAMPS ELYSÉES	Property	France	100.00	100.00	FC	100.00	99.98	FC
SOCIÉTÉ FORESTIÈRE GROUPAMA	Property	France	100.00	100.00	FC	100.00	99.98	FC
FORDEV	Property	France	100.00	100.00	FC	100.00	99.98	FC
GROUPAMA GAN PARIS LA DEFENSE OFFICE	OPCI	France	100.00	100.00	FC	100.00	99.97	FC
GROUPAMA GAN RETAIL FRANCE	OPCI	France	100.00	100.00	FC	100.00	99.97	FC
THE LINK PARIS LA DEFENSE	Property	France	100.00	100.00	FC	100.00	99.97	FC
SCI GAN FONCIER	Property	France	100.00	98.89	FC	100.00	98.87	FC
VICTOR HUGO VILLIERS	Property	France	100.00	98.89	FC	100.00	98.87	FC
1 BIS FOCH	Property	France	100.00	98.89	FC	100.00	98.87	FC
16 MESSINE	Property	France	100.00	98.89	FC	100.00	98.87	FC
9 MALESHERBES	Property	France	100.00	98.89	FC	100.00	98.87	FC
97 VICTOR HUGO	Property	France	100.00	98.89	FC	100.00	98.87	FC
44 THEATRE	Property	France	100.00	98.89	FC	100.00	98.87	FC
SCI UNI ANGES	Property	France	100.00	100.00	FC	100.00	99.97	FC
261 RASPAIL	Property	France	100.00	100.00	FC	100.00	99.97	FC
GAN INVESTISSEMENT FONCIER	Property	France	100.00	100.00	FC	100.00	99.97	FC
3 ROSSINI (SCI)	Property	France	100.00	100.00	FC	100.00	99.97	FC
150 RENNES (SCI)	Property	France	100.00	100.00	FC	100.00	99.97	FC
99 MALESHERBES (SCI)	Property	France	100.00	100.00	FC	100.00	99.97	FC
SCA CHATEAU D'AGASSAC	Property	France	100.00	100.00	FC	100.00	99.97	FC
102 MALESHERBES (SCI)	Property	France	100.00	100.00	FC	100.00	99.97	FC
LÉS FRÈRES LUMIÈRE	Property	France	100.00	100.00	FC	100.00	99.97	FC
CAP DE FOUSTÉ (SCI)	Property	France	100.00	100.00	FC	100.00	99.98	FC
CHAMALIÈRES EUROPE (SCI)	Property	France	100.00	100.00	FC	100.00	99.97	FC
12 VICTOIRE (SCI)	Property	France	100.00	100.00	FC	100.00	99.97	FC
DOMAINE DE FARES	Property	France	50.00	50.00	EM	50.00	49.99	EM
38 LE PELETIER (SCI)	Property	France	100.00	100.00	FC	100.00	99.97	FC
SCIMA GFA	Property	France	100.00	100.00	FC	100.00	99.97	FC
LABORIE MARCENAT	Property	France	74.10	74.10	EM	74.10	74.08	EM
SCI CHATEAU D'AGASSAC	Property	France	100.00	100.00	FC	100.00	100.00	FC
SA SIRAM	Property	France	90.07	90.07	FC	90.07	90.07	FC
GROUPAMA PIPACT	Property	France	100.00	100.00	FC	100.00	99.99	FC
ASTORG STRUCTUR GAD D	Mutual fund	France	99.99	99.99	FC	99.99	99.97	FC
ASTORG CTT D	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
ASTORG EURO SPREAD D	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Business sector	Location of head office	30.06.2018			31.12.2017		
			% control	% interest	Method	% control	% interest	Method
WASHINGTON EURO NOURRI 14 FCP	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual fund	France	98.33	98.33	FC	100.00	99.97	FC
GROUPAMA CONVERTIBLES ID D	Mutual fund	France	99.66	97.44	FC	99.66	96.92	FC
GROUPAMA ENTREPRISES IC C	Mutual fund	France	27.77	27.73	EM	20.39	20.29	EM
GROUPAMA CREDIT EURO IC C	Mutual fund	France	95.67	95.67	FC	93.25	93.23	FC
GROUPAMA CREDIT EURO ID D	Mutual fund	France	59.08	59.08	FC	59.08	59.07	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
WASHINGTON EURO NOURRI 17 FCP	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual fund	France	87.50	87.50	FC	100.00	99.97	FC
GROUPAMA OBLIGATION MONDE I C	Mutual fund	France	94.32	91.41	FC	94.39	91.45	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
WASHINGTON EURO NOURRI 22 FCP	Mutual fund	France				99.88	99.85	FC
WASHINGTON EURO NOURRI 23 FCP	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
WASHINGTON EURO NOURRI 24 FCP	Mutual fund	France				100.00	99.97	FC
ASTORG STRUCTUR LIFE D	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
GROUPAMA EONIA IC C	Mutual fund	France	33.28	33.28	EM	34.34	34.33	EM
ASTORG PENSION D	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
ASTORG CASH MT D	Mutual fund	France	99.58	99.15	FC	99.51	99.37	FC
GROUPAMA CREDIT EURO GD D	Mutual fund	France	42.11	42.11	EM	44.09	44.08	EM
GROUPAMA CREDIT EURO LT G D	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
ASTORG THESSALONIQUE 1 D	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
ASTORG THESSALONIQUE 2 D	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
ASTORG THESSALONIQUE 3 D	Mutual fund	France	100.00	100.00	FC	100.00	99.47	FC
ASTORG THESSALONIQUE 4 D	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
ASTORG THESSALONIQUE 5 D	Mutual fund	France	100.00	100.00	FC	100.00	99.75	FC
ASTORG MONETAIRE D	Mutual fund	France	98.68	98.68	FC	94.53	94.50	FC
GROUPAMA CASH EQUIVALENT G D	Mutual fund	France	58.00	58.00	FC	53.71	53.71	FC
ASTORG REPO INVEST D	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
GROUPAMA TRESORERIE P C	Mutual fund	France	55.96	55.96	FC	47.71	47.70	EM
ASTORG OBLIGATIONS CT G D	Mutual fund	France	97.68	95.12	FC	97.41	94.84	FC
ASTORG OBLIGATIONS CT GA D	Mutual fund	France	100.00	100.00	FC	100.00	99.97	FC
G FUND - EUROPEAN CONVERTIBLE BONDS GD D	Mutual fund	France	100.00	100.00	FC	100.00	99.98	FC

A: Aggregation FC: Full consolidation EM: Equity method

Certain real estate entities are consolidated using the equity method under a "simplified" process. This consists of reclassifying on the balance sheet the value of the units and the financing current account in "property investments" and reclassifying in the income statement the dividends or share in the results of the companies in "income from property".

PricewaterhouseCoopers Audit

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92200 Neuilly sur Seine

MAZARS

61, rue Henri Régnault
Tour Exaltis
92400 Courbevoie

**Statutory auditors' report
on the 2018 half-year financial information
of the condensed combined financial statements**

(Period from 1 January to 30 June 2018)

To the members

GROUPAMA ASSURANCES MUTUELLES

8-10 rue d'Astorg
75008 Paris, France

Ladies and Gentlemen,

Pursuant to the assignment entrusted to us by your general meeting and in application of Article L. 451-1-2 III of the French monetary and financial code, we carried out the following tasks:

- the limited review of the condensed combined half-year financial statements of GROUPAMA ASSURANCES MUTUELLES, relating to the period from 1 January 2018 to 30 June 2018, as attached to this report;
- verification of the information provided in the half-yearly report.

These condensed combined half-year financial statements were prepared under the responsibility of the board of directors. Our role is to express our conclusion on these financial statements based on our limited review.

I - Conclusion on the financial statements

We conducted our limited review according to the professional standards applicable in France.

A limited review primarily consists in talking with the executives in charge of accounting and financial matters and implementing analytical procedures. This approach is less extensive than that required for an audit performed under the professional standards applicable in France. Consequently, the assurance that the accounting statements, taken as a whole, are free of any material misstatements obtained from a limited review is a moderate assurance, lower than that given by an audit.

On the basis of our limited review, we did not discover any material misstatements likely call into question the compliance of the condensed combined half-yearly financial statements with IAS 34 – an IFRS standard as adopted in the European Union relating to interim financial reporting.

III - Specific verification

We also verified the information provided in the half-yearly report commenting on the condensed combined half-year financial statements covered by our limited review.

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

Neuilly-sur-Seine and Courbevoie, 3 September 2018

The statutory Auditors

PricewaterhouseCoopers Audit

MAZARS

Christine Billy

Pascal Parant

Nicolas Dusson