




REGISTRATION DOCUMENT 2018

GROUPAMA ASSURANCES MUTUELLES

Including the annual financial report









LE GROUPE
Groupama
ASSUREURS CRÉATEURS DE CONFIANCE

CONTENTS

2018

GROUPAMA ASSURANCES MUTUELLES

REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This Registration Document was filed with the AMF on April 2019, in compliance with Article 212-13 of its General Rules. It may be used in support of a financial transaction if it is supplemented by a transaction memorandum approved by the AMF. This docmument was prepared by the issuer and is biding on the signatories.

This Registration Document includes all aspects of the Annual Report mentioned under Section I of Article L.451-1-2 of the French Monetary and Finance Code as well as Article 222-3 of the General Rules of the AMF. A table of concordance for the documents mentioned in Article 222-3 of the General Rules of the AMF and the corresponding sections of this Registration Document is provided on page 354.

Copies of this Registration Document are available free of charge from Groupama, 8-10 rue d'Astorg, 75008 Paris, as well as on the Groupama website (www.groupama.com).

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

1

OVERVIEW OF THE GROUP

1.1 HISTORY OF THE COMPANY

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

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

The Assurances Mutuelles Agricoles very quickly realised the need to reinvent themselves and open themselves up to other insurance markets and, more recently, to the banking business, in order to continue their vocation of serving the interests of agriculture and passing on the tradition of mutual insurance.

In 1963, the Assurances Mutuelles Agricoles opened up their business to the entire non-life insurance segment.

In 1972, they started a life insurance business.

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

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

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

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

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

A number of growth acquisitions were initiated in 2002 in France (acquisition of CGU Courtage, merged with and into Gan Eurocourtage) and at the international level (acquisition of Plus Ultra Generales in Spain).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In December 2015, Groupama was the first mutual insurer to launch the mutual insurance certificates authorised by the Social and Solidarity Economy law of July 2014. The regional mutuals thus acquired the necessary financial resources to invest in the territories and develop a new long-term, quality relationship with their members based on trust. As of the end of 2016, all the regional mutuals have issued mutual certificates.

In April 2016, Orange and Groupama signed an agreement to develop an unprecedented 100% mobile banking product. In October 2016, the French and European regulatory and prudential authorities authorised Orange's acquisition of 65% of the capital of Groupama Banque, renamed Orange Bank on 16 January 2017. The Orange Bank offering available in France since the second half of 2017 in the Orange distribution network will also be distributed in the Groupama group's networks in 2018.

In December 2016, the "Sapin II" law on transparency, the fight against corruption, and modernisation of the economy was published, putting in place the legislative framework required for the conversion of Groupama group's central body into a mutual insurance company (SAM) with an implementation period of 18 months.

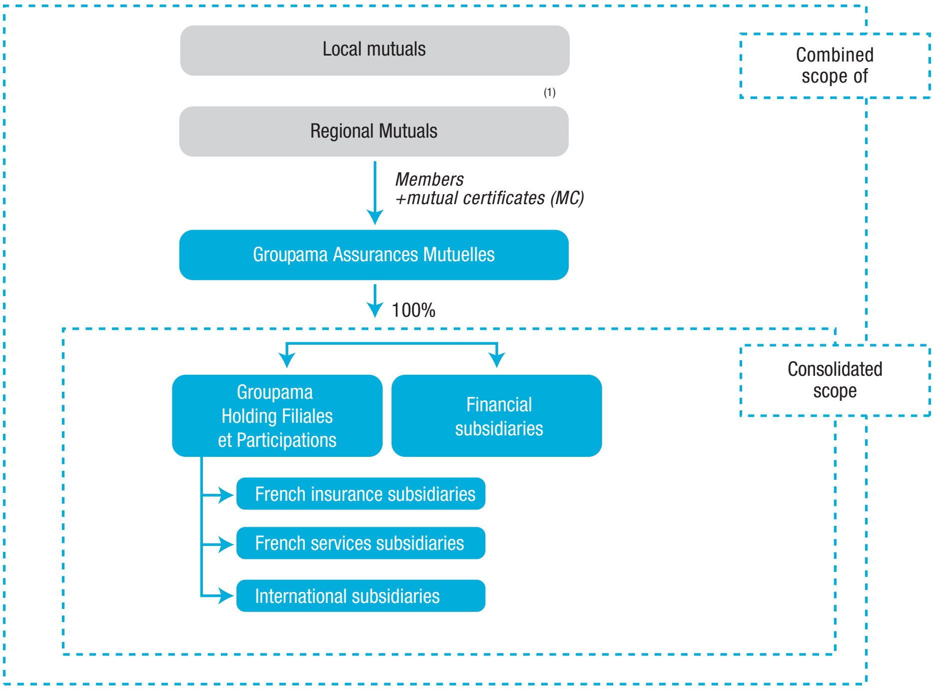
On 7 June 2018, Groupama SA, the Group's central body, was converted into a national agricultural reinsurance mutual, a special form of mutual insurance company, commonly known as Groupama Assurances Mutuelles.

Prior to this conversion:

- Groupama SA sold its direct insurance portfolio to Gan Assurances in November 2017, given that Groupama Assurances Mutuelles can only engage in reinsurance by virtue of its bylaws;
- in December 2017, Groupama SA contributed most of its insurance and service subsidiaries to Groupama Holding Filiales et Participations, a holding company with the status of insurance group company, while maintaining direct ownership of the financial subsidiaries, real estate companies, and some equity stakes;
- Groupama Holding and Groupama Holding 2 were taken over by Groupama SA on 7 June 2018, prior to its conversion.

This conversion simplifies the Group's organisation and makes it consistent overall based on its three levels of mutualisation: local, regional, and nationwide 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.

1.2 ORGANISATION OF THE GROUP AND GROUPAMA ASSURANCES MUTUELLES



** 9 regional mutuals in metropolitan France, 2 overseas mutuals, and 2 specialist mutuals*

1.2.1 GENERAL ORGANISATION

The Group has a governance method which empowers everyone involved within the organisation. Members elect their representatives at the local level (34,500 elected representatives), who in turn elect their representatives at the regional and national levels. The Directors, who are all policyholders of the mutual insurance company, control all the Boards of Directors of the entities within the mutual insurance group. They select the Managers, who handle operating activities. The elected representatives thus participate in all of the Group's decision-making bodies, whether for local (2,900), regional (9 regional mutuals in metropolitan France, 2 overseas mutuals and 2 specialised mutuals), or national mutuals, through the Boards of Directors of Groupama Assurances Mutuelles and its main direct or indirect subsidiaries.

There are therefore two scopes within Groupama:

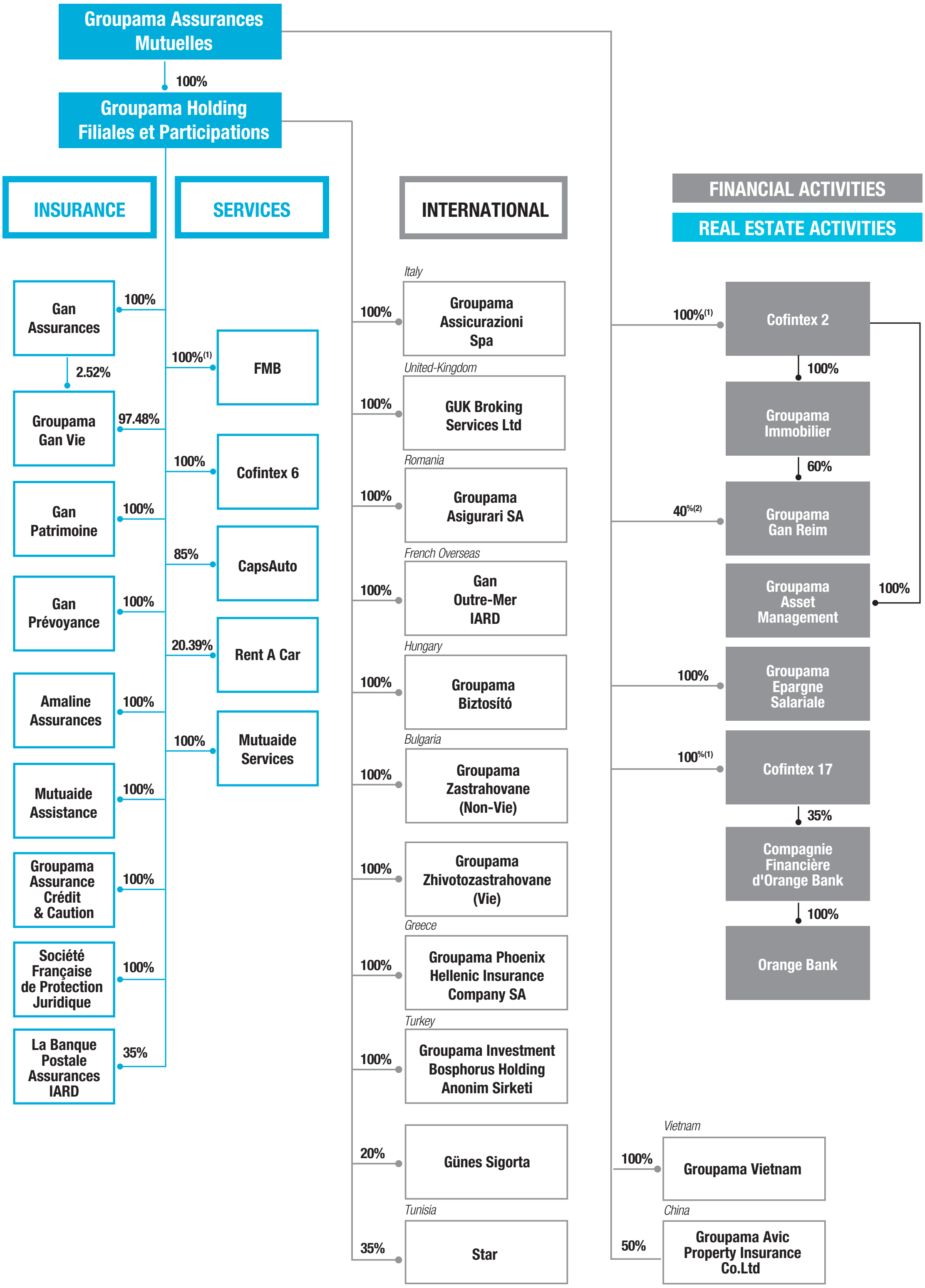
- the combined scope, which includes all the entities of the Group and all of the activities of the regional mutuals;
- the consolidated scope of which Groupama Assurances Mutuelles is the parent company. In addition to the activities of the subsidiaries, its business lines include approximately 35%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

Groupama Assurances Mutuelles, a national agricultural reinsurance mutual, is a legal structure without capital, the central body of the Groupama network. Its main missions are as follows:

- to ensure the cohesion and proper operation of the organisations within the Groupama network;
- to exercise administrative, technical and financial control over the structure and management of the organisations within the Groupama network;
- to define and implement the Groupama group's operational strategy, in consultation with the regional mutuals;
- to reinsure the regional mutuals;
- to direct all subsidiaries;
- to establish the external reinsurance programme for the entire Group;
- to prepare the consolidated and combined financial statements.

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

1.2.2 SIMPLIFIED ORGANISATION CHART OF THE GROUP'S MAIN SUBSIDIARIES AS OF 31 DECEMBER 2018



(1) Directly and indirectly.

(2) Indirectly by Groupama Gan Vie.

A more exhaustive list of the Group's main subsidiaries is presented in Note 48 to the consolidated financial statements.

1.2.3 TIES BETWEEN THE VARIOUS GROUP ENTITIES

The subsidiaries are bound by capital ties. Subsidiaries indirectly and directly owned by Groupama Assurances Mutuelles are included in its consolidated accounts. Moreover, in exchange for a certain degree of 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.

Relations between the regional mutuals and Groupama Assurances Mutuelles are governed by:

- an internal reinsurance agreement between the regional mutuals and Groupama Assurances Mutuelles with terms updated every year;
- a security and solidarity agreement between all the regional mutuals and Groupama Assurances Mutuelles ("agreement defining the security and solidarity mechanisms of the Caisses de Réassurance Mutuelle Agricole"). This agreement is described in more detail in Note 44 – Related Parties – to the consolidated accounts and is the subject of a special report from the statutory auditors on regulated agreements and commitments (see section 3.8).

1.3 KEY FIGURES

1.3.1 CONSOLIDATED SCOPE OF GROUPAMA ASSURANCES MUTUELLES

The following table shows financial disclosures and ratios from the Groupama Assurances Mutuelles consolidated financial statements for the fiscal years ended 31 December 2016, 2017, and 2018. In accordance with EC Regulation no 1606/2002 of 19 July 2002 on the application of international financial reporting standards, the Groupama Assurances Mutuelles consolidated financial statements have been prepared in accordance with the IFRS as adopted by the European Union.

(in millions of euros)	2018	2017	2016
Premium income/revenue(1)	**10,649**	**10,303**	**10,140**
of which France insurance	7,939	7,548	7,357
of which International insurance	2,537	2,605	2,647
of which financial and banking businesses	173	150	136
Combined non-life ratio(2)	**100.1%**	**100.3%**	**103.6%**
Economic operating income(3)	**182**	**196**	**(32)**
Net income, group share	**319**	**87**	**79**
Financial structure and soundness			
Group's equity, group share	5,274	5,257	5,613
TOTAL BALANCE SHEET	**88,506**	**90,645**	**90,484**

(1) Insurance premiums written and income from financial businesses.
(2) See glossary in this registration document (page 353).
(3) Economic operating income equals net income adjusted for realised capital gains and losses, long-term impairment increases 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 tax). Also adjusted are non-recurring items net of tax, impairment of value of business in force and impairment of goodwill (net of tax).

1.3.2 GROUPAMA COMBINED SCOPE

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

(in millions of euros)	2018	2017	2016
Premium income/revenue[1]	**14,262**	**13,818**	**13,576**
of which France insurance	11,556	11,066	10,796
of which International insurance	2,537	2,605	2,647
of which financial and banking businesses	169	147	133
Combined non-life ratio[2]	**99.3%**	**98.9%**	**100.3%**
Economic operating income[3]	**298**	**349**	**153**
Net income, group share	**450**	**292**	**322**
Financial structure and soundness			
Group's equity, group share	8,884	8,912	8,752
Total balance sheet	96,833	98,957	98,085
Debt ratio[4]	28.4%	25.9%	9.7%
Solvency 2 margin[5]	**297%**	**315%**	**289%**
Rating			
Fitch Ratings	A-	A-	BBB+

(1) Insurance premiums written and income from financial businesses.
(2) See glossary in this registration document (page 353).
(3) Economic operating income equals net income adjusted for realised capital gains and losses, long-term impairment increases 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 tax). Also adjusted are non-recurring items net of tax, impairment of value of business in force and impairment of goodwill (net of tax).
(4) Debt excluding cash of holdings, as a share of book value of shareholders' equity excluding re-evaluation reserve (including subordinated liabilities and minority interests). In 2017, the debt ratio was calculated according to the method chosen by our rating agency.
(5) Pursuant to European Directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined Group.

On 29 October 2018, Fitch Ratings confirmed the "A-" Insurer Financial Strength (IFS) ratings of Groupama Assurances Mutuelles and its subsidiaries and the "Positive" outlook. The agency had upgraded the outlook from "Stable" to "Positive" on 19 April 2018.

1.3.3 CONSOLIDATED SCOPE/COMBINED SCOPE DATA RECONCILIATION

Premium income/revenue

(in millions of euros)	2018	2017
Consolidated premium income/revenue	**10,650**	**10,304**
Premium income/revenue - regional mutuals	5,663	5,541
Internal transactions/operations:		
Groupama Assurances Mutuelles	(2,046)	(2,024)
Groupama Gan Vie	0	0
Groupama Asset Management	(4)	(2)
Combined premium income/revenue	**14,263**	**13,819**

Net income

(in millions of euros)	2018	2017
Consolidated net income	**319**	**87**
Net income - regional mutuals	123	206
Net income - Groupama Assurances Mutuelles	(3)	0
Net income - real estate companies	11	0
Net income - holdings		(1)
Combined net income	**450**	**292**

1.4 STRATEGY

The conversion of Groupama SA into Groupama Assurances Mutuelles in June 2018 restored the Group's consistency based on its three levels of mutualisation: the local mutual, the regional mutual, and the national mutual.

This new organisation makes it possible to have better suited legal and financial resources to potentially grow *via* operations for mutual insurance or for profit. By unifying its values and organisation, the Groupama group is demonstrating its commitment to its mutual insurance background and to timeless human values such as solidarity, accountability, engagement, and optimism and is using them in an ambitious savings project for its members and customers.

Converting our central body from a limited company to a mutual insurance company gives Groupama the strategic flexibility it needs to keep growing internally and externally. All our efforts will focus on the success of two major strategies that contribute to fulfilling our purpose "to enable as many people as possible to build their lives confidently": cultivating our pioneering spirit to constantly reinvent our way of helping our customers build their lives confidently with the goal of being incomparable in order to promote our values and ensure our development and sustainability and becoming a centre of consolidation of mutual insurance in France.

In a profoundly changing environment, the Group is showing renewed momentum for strong, shared ambitions. The Group's strategic programme is based on four priorities: highly satisfied customers, profitable development, a culture of efficiency, and committed employees. Each of the Group's entities has developed the strategic programme at its own level on the basis of a roll-out pack. Their employees were involved in the development of the workstreams of this programme in their Operational Strategic Plans (OSP).

1.4.1. AN ENVIRONMENT UNDERGOING PROFOUND CHANGE

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

- a difficult economic climate affecting the demand for insurance and putting pressure on the economic model of insurers;
- very strong competition in a world where the GAFAs are setting new standards for customer relations;

- numerous tax and regulatory developments;
- significant technological advancements, with digital technology playing an increasingly significant role, and access to large quantities of information. Insurers need to be able to process information, and big data and advanced analytics represent considerable opportunities in keeping with our ethics.

1.4.2. A GROUP WITH SOLID STRENGTHS

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

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

Groupama has built its strategic programme around these key strengths.

1.4.3. A STRATEGIC PROJECT BASED ON FOUR FOCUSES

Highly satisfied customers

Customer satisfaction is at the heart of the Group's concerns – it is both a mutualist requirement and an economic approach. The strategic plan to increase customer satisfaction continues to be rolled out. Establishing a unique, differentiating relationship with our customers, based on proactive advising, will allow us to be recognised as a trusted partner who takes their interests into account and is at their side. We aim to be among the favourite insurers of customers in France and to gain NRI (net recommendation index) points.

We also seek to give our brand the power to attract customers, ensure that they have made the right choice with Groupama, and make our employees and elected representatives proud to work with Groupama.

Profitable development

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

- increasing market shares in business activities with higher added value: strengthening our position as leader in the agricultural market, becoming one of the top players in personal protection, and becoming a leader in our areas of recognised expertise;
- accelerating our development by expanding and strengthening our distribution capacity and by combining services with insurance products;
- remaining economically efficient by achieving our contributions in all Group companies and keeping the combined ratio at the right level.

A culture of efficiency

Through efficiency, the Group's operating costs can be controlled, while offering good service quality for customers.

The efficiency focus breaks down into two major action areas:

- commercial efficiency by optimising distribution networks;
- operational efficiency to simplify and digitise operating processes while improving the necessary controls.

The quest for efficiency can also be seen in the development of our industrial model to make it more efficient, less costly, and more agile: sufficient standardisation of operations and information systems, implementation of interconnection and interoperation capabilities, making white-label management a growth driver, speeding up market introductions and deployments, and constructing the Group's future information system.

Committed employees

To ensure that the implementation of the strategic project is a collective success, the mobilisation of the Group's human resources to benefit everyone is essential so that our energy and talents are focused on serving our customers:

- development and adaptation of employee skills are reinforced to promote professionalism and mobility as well as personal fulfilment;
- supervision and management are strengthened in their actions to better highlight and channel team energies;
- employees are included in the improved business performance to better orient it for the benefit of customers;
- continued discussions about the development of the business lines and the skills needed make it possible to identify the potential talent of tomorrow;- lastly, developing the quality of life at work is essential, particularly through high-quality industrial dialogue.

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

1.5 HUMAN RESOURCES

1.5.1 SOCIAL POLICY

With a view to implementing its strategy, improving its performance, and therefore satisfying its customers, Groupama invests in its people and has developed a human resources policy based on social responsibility and the engagement of its 31,676 employees.

As of 31 December 2018, Groupama Assurances Mutuelles (GMA) and its subsidiaries had 13,591 employees (8,674 in France/Overseas Departments and Territories and 4,917 internationally).

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

In 2018, the consolidated companies hired 1,306 employees under permanent contracts (excluding 38 transfers and 85 secondments), including 888 in France, to strengthen their sales networks and customer relations platforms and to reinvigorate their teams of Managers and experts: 17% of new employees are under 26 years of age, 6.8% are 50 and over, and 22% of new hires resulted from the conversion of fixed-term contracts into permanent contracts.

Since the end of 2017, the Groupama group has invested in significantly enhancing the reputation and attractiveness of its employer brand to facilitate recruitment, engage and retain its employees, and thus anticipate and prepare for the future.

In 2018, the Group organised a recruitment event tour (Jobmeeting) for companies in 13 cities, held after work to reach more job candidates. With 762 applications (up 18% compared with 2017) and 34,789 unique visitors to the registration website, this event highlights actions emphasising the regional roots of the Group and its companies to promote their visibility. Groupama is also continuing to develop its employer presence on social networks and the Web in general by relying on new creations featuring its actual employees (posters and very short videos) for its programmatic marketing campaigns aimed at attracting passive candidates and increasing traffic on our various sites.

As for the website groupama-gan-recrute.com, with its version overhauled to take the new employer communication into account, it recorded 866,000 hits in 2017 (on the Web and mobile sites) and more than 120,000 applications in one year.

At the same time, the consolidated companies had 1,538 departures of employees on permanent contract (excluding 88 secondments), including 841 in France; these break down as follows: 32.8% resigned, 21.5% were laid off, 22.2% retired, 9.6% contractual terminations, 11.5% left during their probation period, and 2.1% died in service. Outside France, 697 employees under permanent contracts left: 53.9% terminated their contract, 25.7% resigned, 9.8% were laid off, 3% retired, and 1.6% died in service.

Since 2015, the Group has been committed to a strategy of controlling its expense ratios. To that end, the companies in the consolidated scope have stabilised their workforce, notably by not replacing certain departures and by favouring internal career paths and continuous improvement of skills.

Out of more approximately 4,500 internal applicants in France, more than 2,000 involved transfers and secondments (geographical and/or functional), which represented the driving force behind the performance of the employees and the Group companies in 2018. The Mouvy intranet, the internal online recruitment site open to all Group employees in France, recorded 4,388 applications in 2018. Since 2010, all inter-company transfers and secondments within the Group have been governed by a Group agreement. A unanimously signed addendum was added in June 2014, reinforcing the mechanisms in place: improved support, better publication of job ads on Mouvy, reduced time frames for transfers, etc.

As of the end of 2018, the CERH handled payroll, time management, and administrative and reporting management for 17 entities (for 6 entities at the end of 2016), representing a production of more than 98,000 pay slips per year (8,000 employees under management). The four entities of the Mutuaide Division were integrated at the end of 2018, and SFPJ and Amaline will be taken into account in the target tools and processes at the end of 2019.

Electronic Document Management (EDM) was deployed in 2018 on the UES scope, combined with the digitisation of employee files. This programme, including employees/HRD/CERH, will be extended to the newly integrated entities in the same way as the CERH’s electronic safe offering.

The electronic signing of documents also began in 2018 with the telecommuting addendum campaign. It will now be extended to cover all entities and all contracts and amendments (including on-boarding with new hires).

Started in 2018, for implementation in 2020, the ADP Link project managed by the CERH will ultimately provide a payroll tool that is consistent across all regional mutuals in metropolitan France and Groupama Océan Indien.

Since July 2018, the CERH has also covered the functions related to the HR Studies of its customers.

The training investment on the combined scope in France totalled €35.7 million in 2018 (not including OPCA deposits and other expenses) for more than 783,000 hours of training provided, all methods combined, and nearly 23,000 trained employees. The priority training programmes remain specific to each business line. However, the development of business skills, managerial and behavioural skills (such as promoting cooperation), and regulatory training (*e.g.* DDA, GDPR, etc.) represent a significant part of the training topics.

A major version upgrade of the LMS (Learning Management System) platform was deployed for all of the companies at the end of the first half of 2018 in order to be able to use the latest technologies available on the training market, but also to be equipped with Responsive Design technology for accessibility from all types of devices: PCs, tablets, and smartphones. For the Group's 28 companies, "Mon Université" hosts the entire training production chain: from collecting training needs to evaluating training as well as the reporting and management tools necessary for the activity.

Convinced that the successful implementation of its strategy primarily depends on a strong commitment from its employees, the Group has measured this commitment by conducting a Group Opinion Survey every two years for the past 10 years. With a massive participation of 78%, 21,000 Group employees responded to the sixth edition conducted in April 2018.

Representing a sharp improvement compared with 2016, the results of this survey highlight the strong employee commitment (76%, +3 points, the highest level ever achieved), as well as the significant increase in their support for the Group's strategic policies (66%, +11 points) and their confidence in the future of their company (74%, +6 points). The Group's employees also indicate that they are happy within their everyday work (84%, +8 points) and recognise that their Manager provides them with the support needed to succeed. Nevertheless, they express the desire for a less compartmentalised organisation, which allows them to be more involved in the transformations underway within the Group and its companies.

To give meaning and strengthen knowledge of the Group's strategic policies and support for operational issues (five 2020 podiums), the Vision programme was launched with a day bringing together 1,000 Directors in March 2017, then extended by a series of nine 2018 Groupama Vision seminars, conducted in an Innovathon format.

The major goal of these seminars was to gain support for a common managerial culture by promoting the initiatives, results, and successes achieved in the companies and by appropriating new ways of working and managing in direct contact with daily developments.

In 2018, deployment of the Campus project continued with the relocation of some 2,200 employees of Gan Patrimoine, Gan Prévoyance, Groupama-Gan Vie, Groupama Épargne Salariale, Gan Assurances, and Groupama Assurances Mutuelles.

By the beginning of 2021, more than 3,500 employees from 10 companies will work in a set of six buildings in the La Défense district of Nanterre to devise and generate new ways of working.

Priority is given to well-being at work and work/life balance by providing modern, digitised resources in work spaces promoting better knowledge of each other, cross-functionality, and collaboration. Among the major innovations of 2018 was the creation of a new digitised workspace on smartphones to allow all employees to clock on/off, access information to facilitate their daily life on the Campus, book meeting rooms, print, report an incident, schedule an appointment, or register for an event.

Furthermore, 95 future Managers, selected by the Technical Careers Committee, participated in the "Directors Leadership" programme to prepare them for holding strategic positions.

In order to identify and build the loyalty of the talent necessary to the Group and its companies, the "Groupama Talents" application is gradually being rolled out to all categories of employees. Groupama Assurances Mutuelles and 18 subsidiaries of the consolidated scope have deployed it with more than 9,100 employees. Staff reviews have been conducted in each company.

With respect to the collective wages policy, profit-sharing measures are in place in all Group companies in France. Payments of more than €17,470,341 (9,199 beneficiaries) and €3,974,221 (1,410 beneficiaries) respectively were made in 2018.

In France, the consolidated companies are principally regulated by the Collective Insurance Companies Agreement (covering 88% of employees), with the other companies regulated by agreements covering their own business lines (banking, support, etc.). Contractual provisions are supplemented by inter-company or company agreements, especially with regard to the organisation and duration of work as well as pension and protection insurance schemes.

At the Group level, industrial dialogue is managed in France within the Group Committee and the Industrial Dialogue Commission (a negotiating body) and at European level within the European Works Council.

The Macron reforms of 25 September and 21 December 2017 merged the employee representative bodies existing in the company (staff representation, works council, and health, safety, and working conditions committee) into a single body – the social and economic committee (CSE) – according to a staggered schedule. In 2018, a majority of the Group's companies began their negotiations to set up this body in 2019 or no later than 1 January 2020, as required by the new laws.

To support this process, by an agreement entered into at the Group level on 6 July 2018, the Group set up a system for the career paths of employees who have staff and/or trade union representation mandates. This open-ended agreement is structured around three careers stages: entry into the mandate, exercise of the mandate, and end of the mandate/career development.

2018 enabled the Group companies to implement the December 2017 amendment to the Group agreement on Quality of Life at Work. The agreement now incorporates measures to guarantee a balance for each employee between the time devoted to professional life and private life, in particular through information, awareness-raising, or training measures promoting the exercise of the right to disconnect, with a duty of non-solicitation.

The European Works Council also signed a Joint Declaration on Quality of Life at Work on 1 July 2018, the main objective of which is to take into account rapid technological developments, their implications for changes in occupations or ways of working, and their potential impacts on the quality of life at work. It involves sharing common employee support principles.

Among the measures enhancing Quality of Life at Work is telecommuting, which was particularly dynamic within the Group in 2018, in connection with the new location at the Nanterre Préfecture site, which concerns eight Group companies (Campus), but also in other Group companies, since nearly 10% of the workforce within the France scope telecommutes.

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

In 2018, 18 employees (permanent or fixed-term contracts) with disabilities were recruited in the consolidated companies in France. Over 10 years, nearly 1,000 employees with disabilities have been recruited (permanent and fixed-term contracts, training contracts or as temporary workers) by the French companies in the framework of this long-term commitment.

Lastly, in 2018, Groupama broadened the scope of its work on the subject of professional gender equality. In France in 2018, in the consolidated companies, 52.8% of staff promoted to managerial positions were women, bringing the ratio of female Managers to 48.4%.

Moreover, in 2018, for the sixth year, the Group HR Department carried out social information production projects in the consolidated companies, relating to the obligations of transparency and non-financial reporting covered in the Grenelle law, which, after an audit and verification by the statutory auditors, obtained the certificate of participation and an attestation of sincerity.

Groupama thus offers all its employees a social and human project over time, consistent with its values and within the framework set by its ethics system, updated in 2018 to incorporate the code of conduct that lists the rules for all employees as well as the presentation of the ethics alert system.

1.5.2 GROUP CONSOLIDATED WORKFORCE (FRANCE & INTERNATIONAL)

The consolidated scope includes approximately thirty companies for a total workforce, as at the end of 2018, of 13,591 employees.

The table below (fiscal years 2018 and 2017) corresponds to Note 45 to the consolidated accounts for fiscal year 2018, as audited by the statutory auditors.

	2018			2017	2016
Registered workforce	**Insurance**	**Financial activities**	**Total**	**Total**	**Total**
France	8,387	287	8,674	8,533	8,694
United Kingdom	0		0	0	21
Italy	791		791	796	816
Hungary	1,684		1,684	1,855	2,079
Greece	284		284	302	309
Romania	1,527		1,527	1,548	1,547
Other EU	200		200	194	272
Outside EU	431		431	490	528
TOTAL	**13,304**	**287**	**13,591**	**13,718**	**14,266**

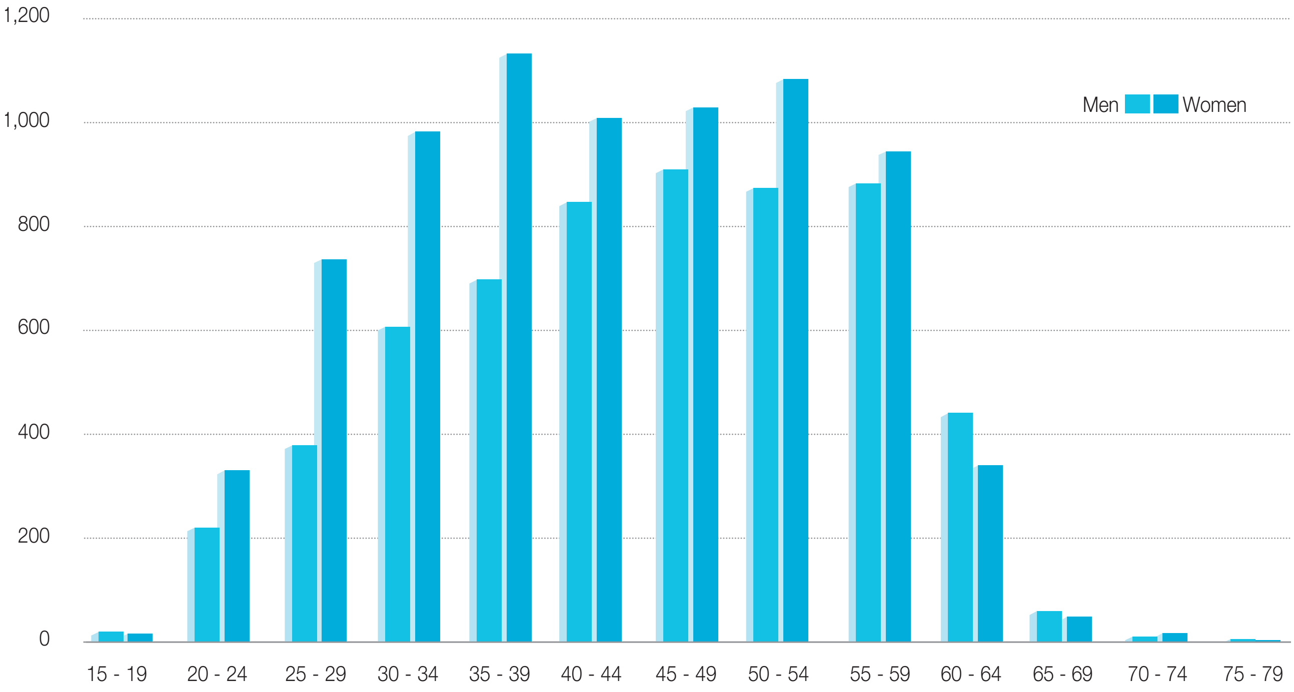
The number of employees in France is increasing mainly in the subsidiaries but decreasing internationally.

Registered workforce	**2018**	**2017**	**2016**
Groupama Assurances Mutuelles	1,232	1,245	1,234
Registered offices and after-sales services of subsidiaries with a customer/network relationship(1)	1,088	1,455	1,544
Sales forces of subsidiaries with customer/network relationship(1)	1,638	1,180	1,238
France insurance/bank and services subsidiaries(2)	2,902	2,804	2,768
Financial and real estate subsidiaries(3)	395	390	419
Support companies (Groupama Supports & Services)	1,419	1,459	1,491
Subtotal France	**8,674**	**8,533**	**8,694**
International	**4,917**	**5,185**	**5,572**
TOTAL	**13,591**	**13,718**	**14,266**

(1) Gan Assurances, Gan Patrimoine, Gan Prévoyance, Gan Outre-Mer IARD.
(2) Groupama Gan Vie, Groupama Épargne Salariale, Groupama Assurance Crédit & Caution, Amaline, Société Française de Protection Juridique, Mutuaide.
(3) Groupama Asset Management, Groupama Immobilier, property businesses.

Distribution by gender		**Breakdown by policy type**		**Breakdown by status type**	
Men	Women	Permanent contract	Fixed-term (incl. work/study)	NC	C
45%	55%	91.2%	8.8%/4%	59%	41%

The age pyramid is distributed as follows:



1.5.3 EQUITY STAKES AND STOCK OPTIONS

Groupama Assurances Mutuelles awarded no stock subscription or purchase options to officers or employees in fiscal year 2018. As of the date of filing of this registration document, there were no stock subscription or purchase options able to be exercised.

1.5.4 COMMITMENTS TO PERSONNEL

1.5.4.1 Pension schemes

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

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

1.5.4.2 Other long-term benefits

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

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

2

THE GROUP'S BUSINESSES

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

Groupama, a mutual insurance group, is a multi-line insurer, founded at the end of the 19th century by farmers. The expertise developed by the Group throughout its history has been extended to the benefit of all socio-economic players: individuals, professionals, companies and local authorities. Today, Groupama is a major player on the insurance market in France (9th largest French multi-line insurer, source: *L'Argus de l'Assurance*), in property and casualty insurance, life and health insurance, and financial businesses.

At the end of 2018, Groupama benefits from dense, complementary distribution networks over the entire French territory: 5,000 sales representatives employed by Groupama's regional mutuals, 900 general agents, 600 partner brokers of Gan Eurocourtage, the network of 340 Gan Patrimoine agents, and the network of 600 Gan Prévoyance in-house advisors.

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

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

Internationally, the Group is present in 9 countries, mainly in Europe and with growth areas in Asia.

2.1.1 STRUCTURE OF CONSOLIDATED PREMIUM INCOME

At the end of 2018, Groupama Assurances Mutuelles reported total consolidated premium income of €10,650 million, including €10,477 million in insurance premiums and €173 million originating from asset management and other financial businesses.

Approximately 75% of the Groupama Assurances Mutuelles insurance business is carried out in France, amounting to €7.9 billion as of 31 December 2018.

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

(in millions of euros)	31.12.2018	31.12.2017	31.12.2016	Variation 2018/2017(1)
France property and casualty insurance	3,391	3,349	3,267	+1.6%
Life and health insurance – France	4,548	4,199	4,090	+8.0%
Subtotal France	**7,939**	**7,548**	**7,357**	**+5.2%**
Property and casualty insurance – International	1,768	1,765	1,767	+4.9%
Life and health insurance – International	770	840	880	-5.3%
Subtotal International	**2,538**	**2,605**	**2,647**	**1.6%**
Banking and financial businesses	173	150	136	+15.2%
TOTAL CONSOLIDATED SCOPE	**10,650**	**10,303**	**10,140**	**+4.4%**

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

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

2.1.2 FRENCH NETWORKS

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

(in millions of euros)	31.12.2018	31.12.2017	31.12.2016
Groupama Assurances Mutuelles	2,190	2,154	2,132
Groupama Gan Vie	3,919	3,595	3,490
Gan Assurances	1,421	1,422	1,395
Amaline Assurances	74	69	58
Other specialist Group companies(1)	335	308	281
Subtotal France insurance	**7,939**	**7,548**	**7,356**
Financial businesses(2)	173	150	136

(1) Groupama Assurance Crédit & Caution, Mutuaide Assistance, Société Française de Protection Juridique, Caisse Fraternelle Épargne, and Caisse Fraternelle Vie, Assu-Vie.

(2) Following the agreement signed with Orange in April 2016, Orange Bank (formerly Groupama Banque) has been accounted for under the equity method in the financial statements since 2016.

2.1.2.1 Groupama network

The Groupama network includes local and regional mutuals.

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

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

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

At the end of 2018, the Groupama network had 9 regional mutuals in metropolitan France, 2 overseas mutuals and 2 specialised mutuals.

2.1.2.2 Gan networks

Gan Assurances has a network of 900 general agents.

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

Gan Prévoyance has a network of 600 salespeople.

Gan Patrimoine offers its products through a network of 340 agents.

2.1.2.3 Direct sales channels

Amaguiz is the brand dedicated to innovation and online insurance in the Group. As of the end of 2018, with more than 265,000 policies in its portfolio, Amaguiz.com is one of the leading players in France in direct insurance sales to individuals (motor, home and health insurance, Everyday Accident, dogs/cats and loan insurance) by Internet and telephone.

In 2018, Amaguiz continued to build partnerships with start-ups and offered new services to provide the best customer experience and service quality.

2.1.2.4 Partnerships

Groupama signed a partnership agreement with La Banque Postale in 2009 resulting in the creation of a joint venture, La Banque Postale Assurances IARD, 65% of which is held by La Banque Postale. This company began distributing non-life insurance products at the end of 2010 *via* distance-selling channels (Internet and telephone) and *via* La Banque Postale's network of offices. The commercial arrangement has clearly yielded results, with the portfolio amounting to more than 1.6 million policies at the end of 2017.

Since 2015, DIAC, the Renault Group's financing and services subsidiary, and Amaguiz have teamed up to offer motor insurance to buyers of a new or used car purchased within the Renault and Dacia networks. DIAC and Amaguiz have constructed a special offering for customers of the Renault and Dacia brands: a simple, comprehensive, competitive offering for used vehicles. The Renault and Dacia brands have offered this motor insurance solution through DIAC. In 2017, Amaguiz strengthened its partnership with DIAC by launching multi-risk home insurance for all Renault and Dacia customers.

2.1.3 INTERNATIONAL NETWORKS

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

In the mid-2000s, the Group began to establish banking partnerships, sometimes exclusive, a particular example being the exclusive agreement with OTP Bank covering several countries in Central and Eastern Europe; these partnerships have enabled the Group to develop in new markets supported by established players. In addition to bancassurance partnerships, the international subsidiaries have developed exclusive and non-exclusive distribution agreements with partners such as leasing companies, automobile distribution networks, or farming cooperatives, such as in Turkey, where the Group signed an exclusive agreement with the farming cooperative TKK in 2008. During the 1st half of 2013, Groupama Assicurazioni signed several bancassurance agreements with independent regional banking institutes of medium size located in north-central Italy.

At the end of 2010, Groupama and the AVIC group (Aviation Industry Corporation of China) signed an agreement on the creation of a joint venture to expand activities in the non-life insurance segment in the People's Republic of China. The joint venture Groupama AVIC has established sales and service networks for individuals and companies in the provinces where it holds licences. In November 2012, it obtained the qualification to provide complete coverage in non-life insurance on the Chinese market. In 2013, Groupama and the AVIC Group signed a second partnership agreement in the field of insurance to support the strong growth of Groupama AVIC Insurance on the agricultural market and the rural sector in China. In 2017, Groupama AVIC Insurance is present in 7 provinces in the People's Republic of China.

2.2 INSURANCE IN FRANCE

2.2.1 ECONOMIC ENVIRONMENT AND MARKET TRENDS

In 2018, French insurance premium income was higher at €218 billion. This general market trend reflects the 2.8% increase in activity in property and casualty insurance and life and health insurance (+4.3%), which represented nearly 75% of premium income in 2018 (source: *FFA* – 4 February 2019).

Life and health insurance premium income totalled €164 billion. In life insurance, contributions increased by +4% to €140 billion as of the end of 2018. The proportion of UL vehicles was 28%. Net life insurance inflows (deposits greater than withdrawals) totalled €22.4 billion, with net inflows of €21.1 billion for unit-linked products. Life insurance assets continued to grow, amounting to €1,700 billion in 2018. In health insurance, premium income grew +5.7% to €23.8 billion, with growth in healthcare (+7.4%) and protection insurance (+3.7%).

Premium income in property and casualty insurance increased +2.8% to €56 billion. The individual insurance sector continues to drive the market upward, with an increase in motor insurance of +2.9% and comprehensive home of +2.7%. The motor insurance loss experience worsened in 2018, especially due to the increase in average costs prevailing over the decrease in theft and liability frequencies. In home insurance, the overall loss experience has worsened due to the extensive water damage in the first half of the year as well as fires.

2.2.2 COMPETITION AND POSITIONING

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

The difference lies primarily in the following criteria:

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

Groupama Assurances Mutuelles generated €7.9 billion in insurance premium income in France during 2018. The table below shows the change in Groupama's ranking in France, 9th-largest French multi-line insurer in 2018:

French ranking(1)	2018	2017
Insurance	9	9
P&C	3	3
L&H	3	13

(1) Source: L'Argus de l'Assurance – December 2018 and December 2017.

2.2.3 PROPERTY AND CASUALTY INSURANCE

Groupama Assurances Mutuelles generated €3.4 billion in premium income in property and casualty insurance in France (43% of premium income generated in France) as of 31 December 2018.

2.2.3.1 Motor

The Group holds 4th place on the French market in terms of number of policies (source: *L'Argus de l'Assurance* – October 2018) and insures more than 3,800,000 passenger vehicles[1] (excluding fleets) at the end of 2018.

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

Behavioural insurance, connected car, (semi) autonomous vehicle, and management of connected objects (telematics unit, for example) are all topics where Groupama has established a position to offer its customers solutions in line with their needs and the changes in the motor insurance sector.

2.2.3.2 Multi-risk home

Groupama is ranked second on this market in France (source: *L'Argus de l'Assurance, October 2018), insuring more than 3.5 million homes [1] as of 31 December 2018.*

The premium income growth in 2018 is explained particularly by the gradual improvement of overall competitive pricing on the individual insurance market. The Group also continues to benefit from its development in new fields: improvement of the urban network, development of the offering at Amaguiz.com, and rollout of the distribution partnership with La Banque Postale.

In its new multi-risk home insurance offering, the Group includes insurance for mobile devices. This option, offered to households wishing to protect themselves for all their mobile devices (phones and digital devices), covers the repair or replacement of mobile devices. Groupama thus permits better control of the insurance budget with a single policy to cover all the mobile devices of a household.

2.2.3.3 Services

(a) Assistance, remote surveillance, remote alarms

Offered by Mutuaide Assistance, which has operations in all assistance business lines (car breakdown assistance, medical repatriation, travel insurance, home care), this business places the Group in sixth position on this market in France (source: *L'Argus de l'Assurance* – April 2018).

Groupama has recognised expertise on the business lines of remote surveillance of property and remote assistance of individuals through the subsidiaries Cofintex 6, TéléSécurité Loire Bretagne, Sécurité Ouest Services for Centre-Manche, and Spara for the Auvergne Rhône-Alpes region.

At the end of December 2018, a new joint entity for the production and management of these activities was created in partnership with the Orange Group: Protectline, 51% owned by Orange and 49% owned by Groupama.

More than 50,000 customers trust the Group for the security of their private or professional property, and the Group has nearly 10,000 subscribers for individual protection, thanks to innovative, simple, accessible plans.

(b) Legal Protection

Groupama is the second-largest player in France (source: FFA, 2017) in the legal protection market, with insurance cover managed by the regional mutuals and Société Française de Protection Juridique (SFPJ). With this cover, Groupama provides support to policyholders, whether individual or professional, who face situations of conflict, by helping them to assert their claims and assuming the corresponding expenses. SFPJ's operating performance is based on the satisfaction of its customers, managed by its ISO 9001 certification since 1998, and a continuous improvement approach to customer satisfaction.

In 2018, SFPJ launched a new innovative Professional Legal Protection offering dedicated to building tradesmen to supplement their compulsory insurance.

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

(c) Credit insurance

Groupama Assurance-Crédit & Caution is the Group credit insurance specialist. Its products are marketed by the regional mutuals, Gan Assurances agents and specialist brokers. Its premium income amounted to €41.6 million as of 31 December 2018. Groupama Assurance-Credit & Caution is also present on the market for sureties and financial, legal, and contractual guarantees through the same distribution networks.

2.2.3.4 Agricultural insurance

Groupama, the leading insurer in the agricultural world, has an ever-increasing presence with farmers.

Today, more than two thirds of farmers are not yet adequately protected against weather-related events. The Group, armed with its OPA status and within the French agriculture council (CAF), has chosen to adopt a pedagogical attitude towards farmers. Today, Groupama's "CLIMATS" climate multi-risk insurance for harvests is one of the main tools for financially securing a farm in the event of climate-related claims impacting crops. The Group also launched its "Objectif stabilité" policy (revenue insurance), responding to the context of market deregulation and rising volatility in commodity prices.

In addition, Groupama constantly adapts its risk prevention approach to respond to farmers' issues. The aim is to support farmers in their daily lives in the development of their businesses by offering them services such as advisory visits to analyse the risks present on the farm or even personalised prevention plans. Groupama's expertise is also reflected in the technical support of various activities such as methanisation, in particular through a partnership with the AAMF (Association des Agriculteurs méthaniseurs Français).

Simultaneously, many initiatives for the agricultural world were carried out by the Group, such as the Exo.Expert solution developed by Groupama, where drones are used for crop damage appraisals. In 2018, Groupama also tested connected fodder probes with its members to prevent fire risks. All these initiatives to the benefit of our agricultural members, to help them to look after their farm, or to deliver them a better service demonstrates the commitment of Groupama as the leading insurer of the agricultural world in France.

2.2.3.5 Professional insurance

This category includes micro-enterprises, very small businesses and heads of independent companies with very diverse profiles (craftsmen, retailers, self-employed professionals, and service providers). The Group, the number 3 player on this market (source: CSA Research, PEPITES – March 2018), has updated its comprehensive range of offerings and has diagnostic tools that enable risk analysis and advisory services that meet customers' needs as closely as possible. The Group can offer all insurance solutions useful for professionals for both their business and their private life.

2.2.3.6 Construction

The Group's activity in the construction sector is driven primarily by multi-risk policies (non-life, civil liability, and ten-year civil liability) distributed *via* employee networks, agents, and brokerage.

2.2.3.7 Insurance for local authorities

As the leading insurer of local authorities and organisations, Groupama has a renewed insurance offering for public authorities. This new offering is a response to the new risks that local authorities must face due to territorial reorganisation in France.

The Group is rounding out its insurance offerings with prevention and advisory services adapted to the risks faced in today's environment: road accident prevention thanks to the Centaure training centres, crisis management, prevention of climate-related risks, etc. In the area of climate-related risk prevention with local authorities, the rollout of the Groupama – Prédict service continued in 2018; this service sends out highly localised alerts on the Internet and by SMS in the event of a weather event or natural disaster, based on customised information provided up front. Given the interest presented by Groupama-Prédict, Groupama has taken steps to deploy this service for its other categories of customers as well (farming, individuals, professionals, etc.).

The Group also continues to roll out the mayor's "e-guide" and its Apple and Android apps that inform elected officials of local authorities of the risks and how best to control them and is gradually developing its service providing theft and vandalism prevention in public areas.

2.2.3.8 Commercial insurance

In a continued difficult economic environment where pricing competition is particularly fierce, the Group has maintained its level of involvement with businesses. Beyond the agri-food sector, where Groupama remains the leading insurer, Groupama is strengthening its presence alongside SMEs and SMIs. They have access to a very comprehensive offering, including the "base" covers of casualty insurance, credit insurance, group insurance, employee savings, legal protection, as well as pensions and protection in case of unemployment of the business head. Groupama also intends to support its business customers in the face of the emergence of new risks to which they are exposed; in this context, Groupama has developed a Cyber Risk cover to protect and support companies that are victims of hacker attacks. Groupama is supplementing its various insurance offerings with a range of services designed to meet all the needs of companies, including road safety services, surveillance of premises, etc.

2.2.4 LIFE AND HEALTH INSURANCE

Groupama Assurances Mutuelles generated premium income of €4.5 billion in life and health insurance (57% of premium income generated in France) as of 31 December 2018.

2.2.4.1 Individual health

In a changing environment, Groupama has managed to maintain its number 1 position as an individual health insurer (source: *L'Argus de l'Assurance* – June 2018).

In 2018, the Group innovated by making a remote consultation service available to its health insurance policyholders; the experiment conducted by Groupama Paris Val de Loire and Groupama d'Oc was a success. Building on this success, the Group decided to extend the remote consultation offering to all of the Group's health insurance policyholders.

2018 was also marked by the establishment of the 'Relaimoi' service. This assistance service is completely new on the market. Members can transfer their assistance relating to housekeeping, child or elder care, and remote assistance to a member of their family who needs it medically and is not necessarily a member of Groupama.

Lastly, Groupama continued to assume its role as insurer for beneficiaries of supplemental healthcare assistance.

2.2.4.2 Individual savings/pensions

As of 31 December 2018, Groupama Assurances Mutuelles generated €1.8 billion in premium income in individual savings/pensions, with a share of unit-linked products (UL) in individual savings of 41.6%, outperforming the market.

Alongside the Group's management company, Groupama Asset Management, Groupama Gan Vie entered into strategic partnerships in 2018 with three Asset Managers, BlackRock, M&G, and Pictet AM, to diversify customer savings on new unit-linked products. Their products, combined with the expertise and quality of Groupama Asset Management's support, will strengthen the competitiveness of Groupama Gan Vie's life insurance and retirement offering in the long term.

In addition, Groupama Gan Vie has developed a new method of management within its life insurance policies: delegated management.

At the same time, Groupama Gan Vie continued to support the Group's distribution networks in the development and digitalisation of the sales process. For example, the sales support tool iVie has been deployed with all Asset Management Advisors of the Groupama network.

2.2.4.3 Protection insurance

As a key player in a highly competitive market, Groupama is continuing to implement its "Prévoyance 2020" project, including the delivery of various original training materials for commercial networks and the addition of extended services to its offerings.

In 2018, Groupama innovated on its everyday accident cover offering, which provides protection from the financial consequences of serious everyday accidents by offering all policyholders cover starting from 1% disability.

2.2.4.4 Group insurance

The Group generated €1.8 billion in group insurance premium income as of the end of 2018. The fiscal year was again very favourable in terms of sales, supported particularly in health and group retirement.

In group retirement, the Group has seen very strong acceleration of its development, particularly with a strong increase in investments in unit-linked (UL) products. A Company Retirement Savings training academy was launched to promote this business line of the future with all of the Group's networks.

In an environment where service is proving to be highly differentiated among networks, providers, and end customers, the year was marked by the establishment of a strategy of services backed by group health and protection offerings. Remote medicine, especially to obtain a second medical opinion, is being gradually integrated into the policies in the portfolio and is systematically offered in a call for tenders on the customised scope.

Many projects are underway to further improve the customer experience throughout the value chain. The work carried out in 2018 confirms a dual trajectory: digitalisation of all sales and management acts and professionalisation of customer advisory services.

The quality of the Group's support for its partners and customers has been rewarded. For the second consecutive year, the brokerage profession awarded it first place for the quality of its online business space. Its commercial performance was again acclaimed internationally: the Insurope network, a network for pooling social protection solutions for companies worldwide, of which Groupama Gan Vie is the exclusive partner in France, awarded the Insurope Award to the sales teams. For the third consecutive year, they won first place in the world.

2.2.4.5 Employee savings

Groupama Épargne Salariale is the Group subsidiary dedicated to employee savings. Its products are distributed mainly by the regional mutuals, Gan Assurances, Gan Eurocourtage, and Gan Prévoyance. In 2018, €1.2 billion in assets were managed by Groupama Épargne Salariale in collaboration with Groupama Asset Management. During the same year, more than 1,000 new companies signed up. This makes the Groupama group one of the most dynamic players in the market with more than 14,000 companies in its portfolio.

Groupama Épargne Salariale's 15-year anniversary was a main theme in communications in 2018. It was also an opportunity to bring together employees and partners to celebrate past and future projects. A year full of projects: overhaul of the website www.groupama-es.fr for easier browsing and access to information about employee savings, organisation of conferences in Paris and in the regions as part of the second edition of the Employee Savings Week, and increased visibility in the press through information kits, announcements, and interviews, particularly around the PACTE law. The goal: to make Groupama Épargne Salariale a leading player.

For the 9th year, Groupama Épargne Salariale's offerings were awarded the "Excellence" labels by Dossiers de l'Épargne. This label is awarded by experts to the best policies on the market.

2.3 INTERNATIONAL INSURANCE

Groupama Assurances Mutuelles generated €2.5 billion in insurance premium income internationally during 2018. Premiums written reached €1.7 billion (70% of total premiums) in property and casualty insurance and €0.8 billion (30% of total premiums) in life and health insurance.

The Group is present in 9 countries, mainly in Europe and with growth areas in Asia. The table below presents Groupama's rankings in the major countries where the Group is present:

	2018		2017	
Ranking	**Non-life**	**Life**	**Non-life**	**Life**
Italy[(1)]	9	24	8	23
Turkey[(2)]	12	14	10	12
Hungary[(3)]	4	3	4	4
Romania[(4)]	4	10	5	10
Greece[(5)]	10	9	10	9

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

The table below presents the geographical breakdown of international premium income:

Premium income *(in millions of euros)*	**31.12.2018**	**31.12.2017**	**31.12.2016**	**Change 2018/2017[(3)]**
International insurance	**2,537**	**2,605**	**2,647**	**+1.6%**
Italy	1,481	1,506	1,456	-1.7%
Turkey	265	337	315	+8.6%
Greece	139	132	135	+5.3%
CEEC[(1)]	589	567	533	+6.7%
Portugal[(2)]	-	-	69	-
Other countries	64	63	64	+0.9%

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

2.3.1 ITALY

The Italian market was up +6.2% in life insurance as of 30 June 2018 and +2.2% in non-life insurance as of the end of September 2018.

Groupama Assicurazioni generated €1,481 million in premium income as of 31 December 2018, principally *via* a network of general agents across the entire territory and *via* the banking channel, as a result of partnerships concluded with regional banks in northern Italy in 2013.

In a highly competitive environment, premium income in property and casualty insurance reached €1,041 million as of 31 December 2018, including nearly 75% from motor insurance. In life and health insurance, premium income reached €440 million as of 31 December 2018.

2.3.2 TURKEY

The development of insurance on the Turkish market remains supported with an increase of +20.2% in non-life insurance and +1.1% in life insurance as at 31 December 2018.

Groupama Sigorta and Groupama Emeklilik generated premium income of €265 million as of 31 December 2018 *via* a highly diversified distribution network of nearly 2,000 agents, partnerships, brokers, and banking partners throughout the territory. As of 31 December 2018, property and casualty insurance represented €206 million in premium income, and life and health insurance represented €59 million.

2.3.3 GREECE

The Greek market recovered with growth of +2.6% in non-life insurance and an increase of +1.1% in life insurance as of 31 December 2018.

The €139 million in premium income as of 31 December 2018 was generated mainly by brokers and exclusive branches.

Property and casualty insurance premium income was €86 million and represented more than 60% of the business. In life and health insurance, Groupama Asfalistiki generated premium income of €52 million.

2.3.4 CENTRAL AND EASTERN EUROPEAN COUNTRIES (CEEC)

Groupama's premium income for countries in Central and Eastern Europe amounted to €589 million at 31 December 2018. The Group holds leading positions in Hungary and Romania.

2.3.4.1 Hungary

The Hungarian market was up +12.2% in non-life insurance and +6.0% in life insurance at the end of September 2018.

Groupama Biztosito generated premium income of €355 million as of 31 December 2018 *via* a highly diversified distribution network of branches, banking partnerships, brokers, and online subscription sites. At 31 December 2018, life and health insurance represented €188 million, and property and casualty insurance represented €167 million.

2.3.4.2 Romania

The Romanian market was up +4% in life insurance and +1.6% in non-life insurance at the end of September 2018.

Groupama Asigurari generated premium income of €216 million at 31 December 2018, driven in equal amounts by bancassurance, brokers, independent agents, and the direct network. Property and casualty insurance represents the bulk of business with premium income of €201 million.

2.3.4.3 Bulgaria

At the end of 2018, premium income from the Bulgarian subsidiaries Groupama Zastrahovane and Groupama Jivotozastrahovane amounted to €18 million, including €11 million in property and casualty insurance.

2.3.5 OVERSEAS TERRITORIES

Gan Outre-Mer remains one of the major insurance players in the Pacific (New Caledonia, French Polynesia, Wallis and Futuna), with premium income of €64 million as of 31 December 2018, including €55 million from property and casualty insurance.

2.3.6 CHINA

In China, the Groupama AVIC joint venture continued to develop during 2018 and is now ranked second among foreign non-life insurers on the Chinese market. The premium income generated in the six provinces amounted to €300 million (1) as of 31 December 2018.

(1) Entity accounted for under the equity method in the consolidated accounts of Groupama Assurances Mutuelles.

2.4 FINANCIAL BUSINESSES

2.4.1 GROUPAMA ASSET MANAGEMENT

Groupama Asset Management, a subsidiary dedicated to asset management, is ranked 9th among French asset management companies (AFG ranking – December 2017). Groupama Asset Management posted income of €164 million as of 31 December 2018. Assets under management amounted to €99.4 billion, including 21% on behalf of external customers.

The robustness of subscription flows and the good performance delivered by management reinforce the direction given to the development strategy in recent years, between diversification of customer targets and geographical diversification through the internationalisation of the management offering.

The management quality and the performance of its funds were recognised again in 2018. For the 33rd Corbeilles "Mieux Vivre Votre Argent", Groupama Asset Management received the *Gold trophy for best management company over 1 year* and the *Certificate for best share-based savings plan management range over 1 year*.

With regard to SRI, in line with the Group's policy and values, Groupama Asset Management incorporates ESG (environmental, social and governance) criteria into all of its financial analyses and investment decisions. Its two funds, Euro Capital Durable and Groupama Euro Crédit ISR, obtained the SRI certification in 2016 and 2018.

2.4.2 GROUPAMA IMMOBILIER

The core activities of Groupama Immobilier are the valuation of assets under management, the property management of assets and providing advice to companies of the Group and third parties.

Groupama Immobilier manages property assets held by Groupama Assurances Mutuelles and its French subsidiaries representing a total value of €4.4 billion as of 31 December 2018.

These assets include commercial property (82%), residential property (15%), mainly in Paris and its immediate suburbs, as well as forests (3%).

Groupama Immobilier has ISO 9001 certification (version 2015) for investment, management and valuation of property assets: acquisitions, major projects, marketing, property and technical management, and sales.

In 2018, the property investment management company Groupama Gan REIM, a subsidiary of Groupama Immobilier (60%) and Groupama Gan Vie (40%), developed its new real estate investment vehicles (OPIC, SCPI, and OPPCI), available as part of a Groupama life insurance policy or capitalisation contract.

3

CORPORATE GOVERNANCE AND INTERNAL CONTROL

Sections 3.1. to 3.3. below constitute the corporate governance report. This report, which was approved by the Groupama Assurances Mutuelles Board of Directors in its meeting of 14 March 2019, is based on the information compiled under the authority of the Groupama Assurances Mutuelles Executive Management. It describes the corporate governance of Groupama Assurances Mutuelles and the rules used to determine the compensation and benefits of any kind granted to corporate officers.

3.1 DISCLOSURES ON CORPORATE GOVERNANCE

Pursuant to Article 52 of the French law on transparency, the fight against corruption, and the modernisation of economic life ("Sapin II law") published on 10 December 2016, Groupama SA, the central body of the network formed by agricultural mutual insurance and reinsurance companies or mutuals, changed its corporate form from a public limited company to a national agricultural reinsurance mutual on 7 June 2018, having the special form of mutual insurance company (SAM) like the regional mutuals. It also updated its corporate purpose and changed its name to "Caisse Nationale de Réassurance Mutuelle Agricole Groupama" or, more commonly, "Groupama Assurances Mutuelles".

3.1.1 BOARD OF DIRECTORS

3.1.1.1 Membership

Since 7 June 2018, Groupama Assurances Mutuelles ("the Company") is administered by a Board of Directors made up of 15 members, including:

- 13 Directors appointed by the Ordinary General Meeting:
  - 9 natural persons representing the member mutuals having the position of Chairman of the Board of Directors of their mutual,
  - 4 Directors elected for their qualifications who have the status of Independent Directors as defined by the AFEP-MEDEF task force and in the internal bylaws of the Board of Directors (see appendix 4 of section 8.1.3.4);
- 2 Directors elected by Company employees.

During fiscal year 2018, its membership was modified following the co-optation of Jean-Pierre Constant to replace Amaury Cornut-Chauvinc on 3 May 2018. The ratification of his appointment occurred during the General Meeting on 7 June 2018. In addition, in order to comply with the new bylaws, Monique Aravecchia and Marilyn Brossat resigned from their offices following the General Meeting of Groupama SA on 7 June 2018.

Then, the first General Meeting of Groupama Assurances Mutuelles, held on 7 June 2018, confirmed the continuation of the terms of office of the Directors of Groupama SA. Lastly, the Board of Directors of Groupama Assurances Mutuelles, which met on the same day, elected Jean-Yves Dagès as Chairman of the Board of Directors on a proposal from the Mutual Insurance Advisory Board. It then elected Jean-Louis Pivard as Vice-Chairman.

As at 31 December 2018, the membership of the Board of Directors was as follows:

Chairman:

- Jean-Yves Dagès

Vice-Chairman:

- Jean-Louis Pivard

Directors:

Representing the member mutuals:

- Michel Baylet;
- Daniel Collay;
- Jean-Pierre Constant; (1)
- Marie-Ange Dubost;
- Michel L'Hostis;
- Laurent Poupart;
- François Schmitt.

Chosen for their qualifications:

- Isabelle Bordry;
- Ada Di Marzo;
- Caroline Grégoire Sainte Marie;
- Bruno Rostain.

Employee representatives:

- Thierry Chaudon;
- Liouba Ryjenkova.

Works Council representative:

- Catherine Guibert

Secretary of the Board:

- Cécile Daubignard

The average age of the Directors is 58.

The first General Meeting of Groupama Assurances Mutuelles, held on 7 June 2018, did not use the authority provided for in Article 21 of the bylaws to appoint non-voting Directors.

(1) During the meeting of 3 May 2018, the Board of Directors appointed Jean-Pierre Constant to replace Amaury Cornut-Chauvinc. His appointment was ratified by the General Meeting of 7 June 2018.
Monique Aravecchia and Marilyn Brossat resigned as Directors on 7 June 2018.

3.1.1.2 Duration and Expiry of Terms of Office

The duration of the terms of office of the Directors appointed by the General Meeting is six years. These terms of office will expire, with regard to Directors representing the member mutuals, during the 2021 Annual General Meeting and, with regard to the Independent Directors, during the 2020 Annual General Meeting for Isabelle Bordry and during the 2023 Annual General Meeting for Ada Di Marzo, Caroline Grégoire Sainte Marie, and Bruno Rostain.

The terms of office of the two Directors elected by the Company's employees, for a period of four years, will expire following the Annual General Meeting in 2020.

3.1.1.3 Terms of office and duties performed by the Directors

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

Jean-Yves Dagès

Date of birth: 21 July 1958

ADRESSE PROFESSIONNELLE

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

Main roles in the Company

Jean-Yves Dagès has been Chairman of the Board of Directors since 14 December 2012 and a Director since 3 August 2011. These terms were renewed respectively during the Board of Directors meeting and the General Meeting of 18 June 2015. At its meeting on 7 June 2018, the Board of Directors confirmed Jean-Yves Dagès in his duties, which will expire at the end of the 2021 Annual General Meeting.

He has been Chairman of the Mutual Insurance Advisory Board since 7 June 2018. He was a member of the Audit and Risk Management Committee from 3 August 2011 to 14 December 2012.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Chairman of Groupama d'Oc
- Vice-Chairman of Groupama Forêts Assurances – Misso
- Chairman of Fédération Nationale Groupama from 14 December 2012 to 7 June 2018

Current offices held

Served within the Group in France

Groupama Holding Filiales et Participations	❯ Chairman of the Board of Directors	Since 7 June 2018

Offices held between 2014 and 2018 no longer held by Mr Dagès

Served within the Group in France

Groupama Holding	❯ Chairman of the Board of Directors (end of term 7 June 2018)
Groupama Holding 2	❯ Chairman of the Board of Directors (end of term 7 June 2018)

Jean-Louis Pivard

Date of birth: 27 May 1958

ADRESSE PROFESSIONNELLE

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

Main roles in the Company

Jean-Louis Pivard has been Vice Chairman of the Board of Directors since 14 December 2012 and a Director since 25 April 2012. These terms were renewed respectively during the Board of Directors meeting and the General Meeting of 18 June 2015. At its meeting on 7 June 2018, the Board of Directors confirmed Jean-Louis Pivard in his duties, which will expire at the end of the 2021 Annual General Meeting.

After serving as a member of the Agreements Committee from 30 May to 14 December 2012, he has been a member of the Audit and Risk Management Committee since 14 December 2012 and Vice-Chairman of the Mutual Insurance Advisory Board since 7 June 2018.

Main position outside the Company

- Farmer

Current offices held

- Chairman of Groupama Rhône-Alpes Auvergne
- Vice-Chairman and Treasurer of Fédération Nationale Groupama from 31 May 2012 to 7 June 2018

Mandats en cours

Served within the Group in France

Gan Assurances	Chairman of the Board of Directors	Since 13 February 2013
	Director	Since 7 March 2007
Groupama Holding Filiales et Participations	Director	Since 6 June 2018
SCI du Château de Cap de Fouste	Director	Since 25 November 2015

Served outside the Group in France

Compagnie Financière d'Orange Bank	Director	Since 4 October 2016

Offices held from 2014 to 2018 no longer held by Mr Pivard

Served within the Group in France

Groupama Holding	Director (end of term 7 June 2018)
Groupama Holding 2	Director (end of term 7 June 2018)
SCI du Château de Cap de Fouste	Member of the Supervisory Board (end of term 25 November 2015)
SCI du Domaine de Nalys	Director (end of term 19 July 2017)

Michel Baylet

Date of birth: 29 September 1954

ADRESSE PROFESSIONNELLE

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

Main roles in the Company

Michel Baylet has been a Director since 29 June 2006. This term was renewed during the General Meetings of 27 May 2009 and 18 June 2015 and will expire following the Annual General Meeting in 2021.

After serving as a member of the Audit and Risk Management Committee from 30 May 2007 to 14 December 2012, he has been a member of the Compensation and Appointments Committee since 14 December 2012 and Vice-Chairman of the Mutual Insurance Advisory Board since 7 June 2018.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Chairman of Groupama Centre-Atlantique
- Vice-Chairman of Fédération Nationale Groupama from 11 July 2006 to 7 June 2018

Current offices held

Served within the Group in France

Centaure Centre-Atlantique	Director	Since 14 June 2007
Gan Prévoyance	Chairman of the Board of Directors	Since 11 July 2006
Groupama Holding Filiales et Participations	Director	Since 6 June 2018
SCA du Château d'Agassac	Chairman of the Management Board	Since 28 January 2008
SCI du Château de Cap de Fouste	Director	Since 25 November 2015

Offices held from 2014 to 2018 no longer held by Mr Baylet

Served within the Group in France

Groupama Holding	Director (end of term 7 June 2018)
Groupama Holding 2	Director (end of term 7 June 2018)
SCI du Château de Cap de Fouste	Member of the Supervisory Board (end of term 25 November 2015)
SCI du Domaine de Nalys	Director (end of term 19 July 2017)

Isabelle Bordry

Date of birth: 9 January 1970

ADRESSE PROFESSIONNELLE

RETENCY
152, BOULEVARD HAUSSMANN
75008 PARIS, FRANCE

Main roles in the Company

Isabelle Bordry has been an Independent Director since 19 May 2016. This term will expire following the Annual General Meeting in 2020.

After serving as a member of the Agreements Committee since 19 May 2016, she was its Chairman from 20 October 2016 to 7 June 2018. Since then, she has been Chairman of the Strategy Committee.

Main roles outside the Company

- Co-founder of Retency – Head of strategic development
- Member of the Board of Directors of Établissement public de la Réunion des musées Nationaux et du Grand Palais des Champs Élysées
- Member of the outlook committee of the CNIL (Commission Nationale de l'Information et des Libertés)

Professional experience/Management expertise

- Since 2014: Retency SAS
- 2015 to 2016: Member of the Board of Directors of Fonds pour l'Innovation Numérique de la Presse (FINP)
- 2007 to 2013: Business angel
- 1997 to 2005: Yahoo!
- 1993 to 1997: Hachette Filipacchi Group

Current offices held

Served outside the Group in France

ABCD XYZ	Manager	Since 12 January 2006
Netgem *	Director	Since 6 March 2008
Retency SAS	Member of the Supervisory Board	Since July 2015

Offices held from 2014 to 2018 no longer held by Ms Bordry

Served outside the Group in France

MonUsine	Chief Executive Officer (end of term 8 January 2014)

* *Listed company*

Daniel Collay

Date of birth: 17 January 1961

ADRESSE PROFESSIONNELLE

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

Main roles in the Company

Daniel Collay has been a Director since 30 May 2012. This term was renewed during the General Meeting of 18 June 2015 and will expire following the Annual General Meeting in 2021.

After serving as a member of the Agreements Committee from 14 December 2012 to 7 June 2018, he was its Chairman from 18 September 2013 to 13 February 2014. Since 7 June 2018, he has been a member of the Strategy Committee and Vice-Chairman of the Mutual Insurance Advisory Board.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Chairman of Groupama Paris Val de Loire
- Vice-Chairman of Fédération Nationale Groupama from 31 May 2012 to 7 June 2018

Current offices held

Served within the Group in France

Amaline Assurances	Chairman of the Board of Directors	Since 29 October 2014
Holding Filiales et Participations	Director	Since 6 June 2018
SCI Agrisud	Manager	Since 2 July 2004
SCI du Château de Cap de Fouste	Director	Since 25 November 2015

Offices held from 2014 to 2018 no longer held by Mr Collay

Served within the Group in France

Groupama Holding	Director (end of term 7 June 2018)
Groupama Holding 2	Director (end of term 7 June 2018)
Mutuaide Assistance	Chairman of the Board of Directors (end of term 6 July 2016)
SCA du Château d’Agassac	Member of the Management Board (end of term 7 June 2017)
SCI du Château de Cap de Fouste	Member of the Supervisory Board (end of term 25 November 2015)
SCI du Domaine de Nalys	Director (end of term 19 July 2017)

Jean-Pierre Constant

Date of birth: 27 July 1957

ADRESSE PROFESSIONNELLE

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

Main roles in the Company

Jean-Pierre Constant has been a Director since 3 May 2018. This term will expire following the Annual General Meeting in 2021.

He has been a member of the Audit and Risk Management Committee since 3 May 2018 and Vice-Chairman of the Mutual Insurance Advisory Board since 7 June 2018.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Chairman of Groupama Méditerranée
- Vice-Chairman and Secretary of Fédération Nationale Groupama from 23 May to 7 June 2018

Current offices held

Served within the Group in France

Groupama Assurance Crédit & Caution	› Chairman of the Board of Directors	Since 7 June 2018
Groupama Holding Filiales et Participations*	› Director	Since 6 June 2018
SCI du Château de Cap de Fouste	› Chairman of the Board of Directors	Since 1 June 2018

Served outside the Group in France

VIVACOOP	› Director

Offices held from 2014 to 2018 no longer held by Mr Constant

Served outside the Group in France

Centre Hospitalier de l'Ardèche Méridionale	› Chairman of the Supervisory Board (end of term 19 May 2018)

Ada Di Marzo

Date of birth: 2 April 1974

ADRESSE PROFESSIONNELLE

BAIN & COMPANY
25, AVENUE KLÉBER
75116 PARIS, FRANCE

Main roles in the Company

Ada Di Marzo has been an Independent Director since 28 June 2017. This term will expire following the Annual General Meeting in 2023.

After serving as a member of the Audit and Risk Management Committee from 28 June 2017 to 7 June 2018, she has been a member of the Strategy Committee since then.

Main position outside the Company

- Partner and CEO at the Paris office of Bain & Company - Head of Financial Services for France

Professional experience/Management expertise

Since 1999: Bain & Company

- Since 2019: CEO at the Paris office
- Since 2010:Partner at the Paris office, Head of Financial Services for France
- 1999 to 2010: Mission Director at the Rome and Paris offices

1998 to 1999: San Paolo Imi, Banco Di Napoli in Italy - Distribution and asset management

1997 to 1998: Telecom Italia Finance – Department of financial markets in Luxembourg

Current offices held

- None

Offices held from 2014 to 2018 no longer held by Ms Di Marzo

- None

Marie-Ange Dubost

Date of birth: 6 August 1955

ADRESSE PROFESSIONNELLE

GROUPAMA CENTRE-MANCHE
10, RUE BLAISE PASCAL
CS 40337
28008 CHARTRES CEDEX

Main roles in the Company

Marie-Ange Dubost has been a Director since 31 July 2014. This term was renewed during the General Meeting of 18 June 2015 and will expire following the Annual General Meeting in 2021.

After serving as a member of the Audit and Risk Management Committee from 31 July 2014 to 7 June 2018, she has been a member of the Compensation and Appointments Committee and Vice-Chairman of the Mutual Insurance Advisory Board since then.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Chairman of Groupama Centre-Manche
- Vice-Chairman of Fédération Nationale Groupama from 19 June 2014 to 7 June 2018

Current offices held

Served within the Group in France

Groupama Gan Vie	Chairman of the Board of Directors	Since 24 April 2018
Groupama Holding Filiales et Participations	Director	Since 6 June 2018
Groupama Investissements (SAS)	Director	Since 24 October 2018
SCA du Château d'Agassac	Member of the Management Board	Since 15 September 2014

Offices held from 2014 to 2018 no longer held by Ms Dubost

Served within the Group in France

Groupama Assurance-Crédit	Chairman of the Board of Directors (from 27 June 2014 to 5 May 2015)
Groupama Holding	Director (end of term 7 June 2018)
Groupama Holding 2	Director (end of term 7 June 2018)

Served within the Group abroad

Groupama Assicurazioni Spa	Director (end of term on 1 October 2014), then Chairman of the Board of Directors from 15 June 2015 to 26 April 2018

Caroline Grégoire Sainte Marie

Date of birth: 27 October 1957

Main roles in the Company

Caroline Grégoire Sainte Marie has been an Independent Director since 25 May 2011. This term was renewed during the General Meeting of 28 June 2017 and will expire following the Annual General Meeting in 2023.

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

Main position outside the Company

- Corporate Director and member of the advisory committee of Safran Corporate Ventures

Professional experience/Management expertise

Since 2011: corporate Director

2009 to 2011: Chairman of Frans Bonhomme (SAS)

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

1997 to 2007: Lafarge

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

1994 to 1997: Chief Financial Officer at Albert Roussel Pharma, Germany

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

Current offices held

Served outside the Group in France

Fnac Darty *	Director	Since 18 May 2018

Served outside the Group abroad

FLSmidth * (Danemark)	Director	Since 30 March 2012
Wieneberger AG * (Autriche)	Member of the Supervisory Board	Since 22 May 2015
Calyos (Belgique)	Director	Since 28 July 2014
Elkem ASA (Norvège) *	Director	Since 22 March 2018

Terms held from 2014 to 2018 no longer held by Ms Grégoire Sainte Marie

Served outside the Group in France

Eramet *	Director (end of term 27 May 2016)
Safran *	Non-voting Director (end of term 21 April 2015)

* *Listed company*

Michel L'Hostis

Date of birth: 25 September 1955

ADRESSE PROFESSIONNELLE

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

Main roles in the Company

Michel L'Hostis has been a Director since 17 January 2013. This term was renewed during the General Meeting of 18 June 2015 and will expire following the Annual General Meeting in 2021.

After serving as a member of the Agreements Committee from 17 January 2013 to 7 June 2018, he was its Chairman from 8 March to 20 October 2016. Since 7 June 2018, he has been a member of the Compensation and Appointments Committee and Vice-Chairman of the Mutual Insurance Advisory Board.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Chairman of Groupama Loire Bretagne
- Vice-Chairman of Fédération Nationale Groupama from 21 February 2013 to 7 June 2018

Current offices held

Served within the Group in France

Groupama Holding Filiales et Participations	Director	Since 6 June 2018
Mutuaide Assistance	Chairman of the Board of Directors	Since 6 July 2016

Offices held from 2014 to 2018 no longer held by Mr L'Hostis

Served within the Group in France

Gan Patrimoine	Chairman of the Board of Directors (end of term 20 May 2015)
Groupama Banque	Chairman of the Board of Directors (end of term 4 October 2016)
Groupama Holding	Director (end of term 7 June 2018)
Groupama Holding 2	Director (end of term 7 June 2018)

Laurent Poupart

Date of birth: 20 February 1964

ADRESSE PROFESSIONNELLE

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

Main roles in the Company

Laurent Poupart has been a Director since 27 May 2015. This term was renewed during the General Meeting of 18 June 2015 and will expire following the Annual General Meeting in 2021.

After serving as a member of the Compensation and Appointments Committee from 27 May 2015 to 7 June 2018, he has been a member of the Strategy Committee and Vice-Chairman of the Mutual Insurance Advisory Board since then.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Chairman of Groupama Nord-Est
- Vice-Chairman of Fédération Nationale Groupama from 28 May 2015 to 7 June 2018

Current offices held

Served within the Group in France

Groupama Holding Filiales et Participations	Director	Since 6 June 2018

Served within the Group abroad

Groupama Assicurazioni Spa	Chairman of the Board of Directors	Since 26 April 2018

Served outside the Group in France

Opale Agri Distribution	Manager	Since 17 August 2012
SCEA Poupart Regnaut	Manager	Since 21 July 2005

Offices held from 2014 to 2018 no longer held by Mr Poupart

Served within the Group in France

Groupama Assurance-Crédit	Permanent representative of Groupama Nord-Est, Director (end of term 27 April 2015) then Chairman of the Board of Directors (end of term 7 June 2018)
Groupama Holding	Director (end of term 7 June 2018)
Groupama Holding 2	Director (end of term 7 June 2018)

Served outside the Group in France

SAS Opale Artois	Chairman (end of term 23 February 2016)
SAS Société Participative Agriadom (SoParAgri)	Chief Executive Officer (end of term in June 2015)

Bruno Rostain

Date of birth: 18 April 1956

ADRESSE PROFESSIONNELLE

BLACKFIN CAPITAL PARTNERS
15, RUE DE LABORDE
75008 PARIS, FRANCE

Main roles in the Company

Bruno Rostain has been an Independent Director since 2 August 2012. This term was renewed during the General Meeting of 28 June 2017 and will expire following the Annual General Meeting in 2023.

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

Main position outside the Company

- Chief Executive Officer of BlackFin Capital Partners

Professional experience/Management expertise

Since 2009: Chief Executive Officer of BlackFin Capital Partners

1991 to 2008: Aviva

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

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

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

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

Current offices held

Served outside the Group in France

BlackFin Capital Partners	Chief Executive Officer	Since 19 March 2009
Chiarezza SAS	Chairman	Since 25 January 2012
Groupe Santiane Holding SAS	Member of the Supervisory Committee	Since 9 September 2015
LSA Holding SAS	Chairman of the Supervisory Board	Since 10 June 2015
Société Financière du Porte Monnaie Electronique Interbancaires (SFPMEI)	Director	Since 6 December 2010

Offices held from 2014 to 2018 no longer held by Mr Rostain

Served outside the Group in France

AnimSur SAS	Chairman (end of term 29 November 2018)
Compamut	Chairman (end of term 24 January 2014)
Finanzen France SAS	Chairman (end of term 31 March 2015)
Hestis SAS	Chairman (end of term 7 February 2014)
HSBC Assurances Vie	Director (end of term 18 May 2015)
KBO SAS	Chairman (end of term 25 February 2014)
Mister Assur SAS	Chairman (end of term 24 January 2014)

François Schmitt

Date of birth: 6 March 1963

ADRESSE PROFESSIONNELLE

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

Main roles in the Company

François Schmitt has been a Director since 30 June 2008. This term was renewed during the General Meetings of 27 May 2009 and 18 June 2015 and will expire following the Annual General Meeting in 2021.

After serving as a member of the Agreements Committee from 30 June 2008 to 26 August 2009 and then a member of the Compensation and Appointments Committee from 26 August 2009 to 7 June 2018, he has been a member of the Audit and Risk Management Committee and Deputy Chairman of the Mutual Insurance Advisory Board since then.

Main position outside the Company

- Farmer

Professional experience/Management expertise

- Chairman of Groupama Grand Est
- Deputy Chairman of Fédération Nationale Groupama from 14 December 2012 to 7 June 2018

Current offices held

Served within the Group in France

Gan Patrimoine	Chairman of the Board of Directors	Since 20 May 2015
Groupama Holding Filiales et Participations	Director	Since 6 June 2018
Groupama Immobilier	Director	Since 8 June 2018
SCI du Château de Cap de Fouste	Director	Since 25 November 2015

Offices held from 2014 to 2018 no longer held by Mr Schmitt

Served within the Group in France

Groupama Holding	Director (end of term 7 June 2018)
Groupama Holding 2	Director (end of term 7 June 2018)
SCI du Château de Cap de Fouste	Member of the Supervisory Board (end of term 25 November 2015)
SCI du Domaine de Nalys	Director (end of term 19 July 2017)

Served within the Group abroad

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

Thierry Chaudon

Date of birth: 26 April 1966

ADRESSE PROFESSIONNELLE

GROUPAMA ASSURANCES MUTUELLES
CAMPUS WEST PARK 1
3 PLACE MARCEL PAUL
92000 NANTERRE

Main role in the Company

Thierry Chaudon has been a Director representing the Company's employees since 4 July 2016. This term will expire following the Annual General Meeting in 2020.

Main position outside the Company

- None

Professional experience/Management expertise

- Reinsurance Department – Protection Division, Groupama Assurances Mutuelles and Subsidiaries

Current offices held

- None

Offices held from 2014 to 2018 no longer held by Mr Chaudon

- None

Liouba Ryjenkova

Date of birth: 10 August 1957

ADRESSE PROFESSIONNELLE

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

Main role in the Company

Liouba Ryjenkova has been a Director representing the Company's employees since 4 July 2016. This term will expire following the Annual General Meeting in 2020.

Main position outside the Company

- None

Professional experience/Management expertise

- Manager in the payroll shared services centre within the Group Human Resources Department

Current offices held

- None

Offices held from 2014 to 2018 no longer held by Ms Ryjenkova

- None

3.1.1.4 Responsibilities of the Board of Directors

The Board of Directors sets the Company's business strategy and oversees its implementation. Subject to the powers expressly assigned to the General Meetings and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the Company and settles matters concerning it through its deliberations. In addition, it performs any audits or controls it deems necessary.

In accordance with the provisions of the French Insurance Code, the duties of Chairman and Chief Executive Officer are separated. Executive duties are therefore entrusted to a CEO who is not a Board member.

3.1.1.5 Responsibilities of the Chairman of the Board of Directors

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

3.1.1.6 Authority Reserved for the Board of Directors

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

- amendment of the reinsurance agreement and the agreement defining the security and solidarity mechanisms with the member mutuals (a presentation of these agreements is provided in Note 44 – Related Parties of the consolidated accounts);
- issues of securities of any kind as well as issues and redemptions of mutual certificates;
- any significant operations that may affect the Group's strategy and its scope of activities;
- the methods for implementing the solidarity plan pursuant to the agreement on security and solidarity plans;
- termination of the agreement defining the security and solidarity mechanisms at the initiative of Groupama Assurances Mutuelles.

The decision to terminate the reinsurance agreement at the initiative of Groupama Assurances Mutuelles must be made by a two-thirds majority of the members.

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

The unit amount of operations beyond which the Chief Executive Officer and/or the Deputy Chief Executive Officer must obtain prior authorisation from the Board of Directors, which has remained unchanged since it was set by the Board of Directors at its meeting on 15 November 2011, is as follows:

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

In addition, at its 15 December 2011 meeting, the Board of Directors of Groupama SA resolved not to set an authorisation threshold on the disposal of shares; however, it has been stipulated in this instance that for transactions in excess of €400 million, the Executive Management undertakes to solicit the consent of the Chairman and two members of the Audit and Risk Management Committee.

3.1.1.7 Code of Corporate Governance

Although Groupama SA is an unlisted company, it applied the Code of Corporate Governance in force in France resulting from the AFEP-MEDEF recommendations. However, it did not apply some of its recommendations mainly because of the closed structure of its capital, which was nearly 100% owned directly and indirectly by the Groupama regional agricultural mutual insurance and reinsurance mutuals. Despite its transformation into a mutual insurance company, Groupama Assurances Mutuelles continues to refer to the Afep/Medef corporate governance code, revised in June 2018. Its transformation reinforces the relevance of the non-application of some of the Code's recommendations.The main exemptions from the recommendations from the Code of Corporate Governance in force are as follows:

- the duration of the term of office of Directors appointed by the General Meeting of the shareholders is not 4 years but 6; given the current situation, Groupama considers the maximum term provided by law to be most appropriate for its structure;
- since its conversion into an agricultural reinsurance mutual, which is a special form of mutual insurance company, the provisions relating to diversity on Boards of Directors no longer apply to it. However, the Company, which had 30.76% female Directors as of 31 December 2018, has a goal of at least 40% female Directors in the long term. To do this, the Company has taken incentive measures to ensure that a greater proportion of women are represented in the mutual insurance pyramid, starting from the local level, then the regional level, and reaching the national level where the composition of the Board of Directors of Groupama Assurances is based;
- the number of Independent Directors represents only 30.8% of the total number of Directors making up the Board of Directors (excluding Directors elected by the employees) and not one third, the percentage recommended for companies having a controlling shareholder. However, this proportion is in line with the provisions of the new Article R. 322-120-3 of the French Insurance Code resulting from Decree 2017-206 of 20 February 2017 applicable to the Groupama central body, which provides that its Board of Directors must have four Independent Directors. The number of Independent Directors was therefore increased to four by the General Meeting of 28 June 2017 with the appointment of Ada Di Marzo;

- the proportion of independent members within the Audit and Risk Management Committee is 40% compared with the recommended minimum of two thirds; this membership is meant to be more in line with the Company's structure as a mutual insurer without capital structure; note that the Chairman of the Committee is an Independent Director and has proven financial and insurance expertise;
- the Compensation and Appointments Committee does not have a majority of Independent Directors; the current membership of the committee reflects the Company's mutual insurer structure. This committee was also chaired by an Independent Director. Moreover, the Company did not wish to include a Director representing the employees on the Compensation and Appointments Committee, believing that this body is not the most appropriate for employee expression, which is strongly developed elsewhere within the Group.

Lastly, the employment contract of Thierry Martel, Chief Executive Officer, was suspended due to his 21 years of service within the Company as an employee before his appointment.

3.1.1.8 Work of the Board in 2018

The Board of Directors met 12 times during fiscal year 2018, including the Board of Directors seminar held in November.

The attendance rate of the members of the Board of Directors was 97.7% (compared with 96% in 2017), *i.e.* a high rate of mobilisation of Directors. The Group General Secretary carried out the duties of Secretary of the Board.

In 2018, the Board deliberated mainly on the following issues:

- the conversion of the central body from a public limited company into a national agricultural reinsurance mutual and the subsequent transactions (merger takeover of Groupama Holding and Groupama Holding 2, adaptation of the reinsurance agreement and the agreement defining the security and solidarity mechanisms with the member mutuals, proposed adaptation of the articles of association and the internal bylaws);
- the individual, consolidated, and combined annual accounts and the consolidated and combined half-yearly accounts as well as the various reports and documents required by the regulations (report on internal control of measures to fight money laundering and terrorist financing) and particularly those required within the Solvency II prudential framework (SCR and MCR coverage ratios, group and individual ORSA, SFCR, and RCR reports, actuarial function reports);
- modification of the General Reinsurance Regulations with the regional mutuals;
- partnership projects;
- prospects for renewal external reinsurance protection;
- the provisional audit plan for 2019;
- development of written policies;
- issue of subordinated instruments;
- financial and real estate transactions;
- governance, with:
  - the internal assessment of the functioning of the Board of Directors,
  - the confirmation of the corporate officers following the conversion,
  - the compensation of Managers and corporate officers,
  - data in connection with the implementation of the Solvency II prudential standard;
- the financing of major programmes for 2018 and 2019;
- the report on gender equality;
- the updating of the Company's strategic plan in accordance with the job security law.

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

- the performance indicators for the Group's businesses and particularly the key management indicators;
- the implementation of the Group's strategy;
- the combined results forecasts for 2018, the 2019 budget, and the forecasts for 2020 to 2021;
- the semi-annual review of the balance sheet and the guidelines for the asset management policy;
- with respect to risk management: mainly the Group's major risks;
- updates on the subsidiaries or partnership agreements:
- the review of and guidelines for the human resources policy;
- the financial environment and regulatory changes.

During fiscal year 2018, two training sessions were held for Board members: one on key trends in insurance distribution, blockchain, and cryptocurrencies and on the future IFRS 9 and IFRS 17.

On the proposal of the Compensation and Appointments Committee, a Board seminar was devoted to insurance service ecosystems and the service strategy of the Group.

The 2018 financial statements were closed on 14 March 2019 by the Board of Directors, which also prepared the draft management report and its appendices and the text of draft resolutions to be presented to the General Meeting on 14 June 2019. The 2018 financial statements were submitted in advance to the Audit and Risk Management Committee, which reviewed them on 6 March 2019.

3.1.1.9 Internal bylaws of the Board of Directors

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

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

As a result of the conversion, the Board of Directors of Groupama Assurances Mutuelles, which met on 7 June 2018, adopted new internal bylaws including provisions on:

- the operation of the Board of Directors, specifying its mission, its support on study committees, the status of Independent Director, and the use of periodic evaluation of its mode of operation;
- the Director's rights with regard to information and training, but also the Director's obligations as regards the duty of confidentiality and the treatment of inside information in the context of preventing the risk of insider trading, given that Groupama Assurances Mutuelles makes public offerings;
- the powers of the Executive Management in the effective management of the central body of the network made up of the Group's reinsurance mutuals;
- the composition, organisation, and responsibilities of the committees of the Board of Directors. During that meeting, the Board of Directors decided, following the conversion, to replace the Agreements Committee, whose purpose was related to the presence of minority shareholders, with a Strategy Committee.

The text of the new internal bylaw is reproduced in full in chapter 8, section 8.1.3.

3.1.2 COMMITTEES OF THE BOARD OF DIRECTORS

Pursuant to the provisions of the bylaws, the Board of Directors decided in 2005 to establish committees called to deliberate on issues submitted by the Board or its Chairman for review. As such, under the internal bylaws of the Board of Directors, the Board shall be assisted by technical committees in the performance of its responsibilities.

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

At its meeting on 7 June 2018, the Board of Directors:

- decided to establish a Strategy Committee to replace the Agreements Committee, with the following responsibilities:
  - review the strategic guidelines and associated action plans of the Group and its components as contained in the three-year Strategic and Operational Planning Process,
  - discuss the Group's longer-term, forward-looking strategic guidelines with regard to the opportunities and constraints of the environment as anticipated by the Group,
  - review, on behalf of the Board of Directors, proposed strategic partnerships or M&A (acquisitions and disposals) and similar opportunities from strategic and financial perspectives, it being specified that the Chairman of the Audit and Risk Management Committee is invited to take part in this work;
- confirmed the current role of the Audit and Risk Management Committee, the establishment of which became mandatory for public-interest companies such as Groupama Assurances Mutuelles, while adjusting its duties to take into account the establishment of the Strategy Committee, by:
  - eliminating its responsibilities relating to reviewing external growth and disposal operations,
  - asking it, in return, to handle the examination of any amendments to the reinsurance agreement, regulated agreements (including the agreement on security and solidarity plans), and the financing of major programmes (banking, mutual certificates);
- confirmed the role of the Compensation and Appointments Committee;
- adjusted the composition of the committees.

The provisions relating to the organisation and operation of each of these committees are attached to the internal bylaws (chapter 8, section 8.1.3).

3.1.2.1 Audit and Risk Management Committee

Following the conversion of Groupama's central body on 7 June 2018 into a national agricultural reinsurance mutual called Groupama Assurances Mutuelles, the Board of Directors reviewed the membership and duties of its study committees.

(a) Membership

In 2018, the Audit and Risk Management Committee was made up of 6 members until 7 June 2018, after which it had 5 members appointed by the Board of Directors, including:

- 3 Directors representing the member mutuals: Jean-Pierre Constant, Chairman of the Groupama Méditerranée regional mutual, Jean-Louis Pivard, Chairman of the Groupama Rhône-Alpes Auvergne regional mutual, and François Schmitt, Chairman of the Groupama Grand Est regional mutual;
- 2 Independent Directors: Caroline Grégoire Sainte Marie and Bruno Rostain.

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

It should be noted that the Chief Executive Officer of Groupama Assurances Mutuelles does not participate in the work of the Audit and Risk Management Committee, except by special invitation, and that the CEO is represented by the Deputy CEO in charge of human resources, finance, legal, audit, and risk management, the Group Chief Financial Officer, as well as the General Secretary, who is also the secretary of the Committee, accompanied by the Head of Legal. Depending on the topics, the Director of Accounting, the Director of Investments, the Director of Audits, and the Director of Compliance and Risks also participate in the committee meetings.

(b) Responsibilities

The main responsibilities of the Audit and Risk Management Committee, which are included in the internal bylaws of the Board of Directors of Groupama Assurances Mutuelles, are listed below:

- examining the combined/consolidated/parent company draft half-year and annual financial statements as well as the references and scope of consolidation;
- ensuring that the internal data collection and control procedures guarantee the quality and reliability of the Company's accounts;
- reviewing the performance of the statutory auditors' responsibilities and the amount of fees paid to them and ensuring compliance with the rules guaranteeing their independence;
- reviewing the financial investment policy and assets/liabilities management;
- reviewing the forecasts in advance and monitoring their achievement;
- overseeing the risk management and internal control policy, procedures, and systems;
- reviewing the regulatory reports (ORSA, RSR, SFCR, actuarial function report);
- reviewing the Group's main risks and its solvency situation;
- reviewing the projected audit plan and the monitoring of the implementation of the audit recommendations;
- examining any amendments to the reinsurance agreement, regulated agreements, and the financing of major programmes.

(c) Activity in 2018

In 2018, the Audit and Risk Management Committee met six times: 7 March, 2 May, 4 June, 28 August, 17 October, and 5 December. The attendance rate was 100%, as in 2017.

In 2018, the Audit and Risk Management Committee focused its work on the following main topics:

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

- over the course of two meetings, the Committee reviewed the asset management policy looking back to 2018 as well as forwards to fiscal year 2019; this enabled it in particular to monitor the implementation of the Group's investment policy in an environment of continued low interest rates, as well as look at reinvestment flows and their impact on asset structures;
- the committee reviewed Groupama's 2018 projected combined results, the 2019 budget, and the Group's operational strategy planning for 2020–2021;
- it also examined the Group's property policy.

Legal monitoring of annual and semi-annual financial statements

- the Audit and Risk Management Committee reviewed the 2017 combined, consolidated, and corporate financial statements and the 2018 half-yearly combined and consolidated accounts, and the Solvency 2 earnings and noted the redemption value of the Groupama SA share, determined on the basis of the consolidated annual financial statements for 2017. In this regard, since 7 June 2018, the date of its conversion, the Company no longer has capital and therefore no longer has shareholders, in particular minority shareholders, whose shares have been cancelled and reimbursed. The Committee reviewed the statutory auditors' supplementary report and advised the Board of its opinion on the management report;
- it also devoted two meetings during the year specifically to a review of the principles, rules and options adopted for the closure of the annual and semi-annual financial statements;
- it gave its opinion on draft press releases relating to the annual and semi-annual financial statements and was consulted on the draft 2017 registration document, which was registered with the Autorité des Marchés Financiers (AMF) on 26 April 2018 under number D.18-0403;
- a general presentation of the future IFRS 9 and IFRS 17 was provided.

Monitoring of risks and solvency

- the committee reviewed the Group's major risks as of 31 December 2017 and 30 June 2018;
- it reviewed the execution of the audit plan of the third four-month period of 2017 and the 1st and 2nd four-month periods of 2018 as well as the implementation of the audit recommendations and the draft 2019 audit plan;
- it reviewed the half-yearly reports on significant litigation in progress within the Group, the report on internal control of the Company's measures to fight money laundering and terrorist financing, and the components of the report issued by the ACPR as part of the verification ordered by it on measures to fight money laundering and terrorist financing of a regional mutual;
- it reviewed the 2018 reinsurance policy as well as the prospects for renewing the external reinsurance programme for 2019 and was consulted on the adjustment of the General Reinsurance Regulations between the Company and the regional mutuals;
- it reviewed the Company's off-balance sheet commitments;
- the committee devoted four meetings to subjects falling within the Solvency II prudential framework during which the following were presented to it, depending on the case, for an opinion or for information:
  - the entity and Group 2018 ORSA reports sent to the ACPR, the results of the EIOPA stress tests, and the validation of the 2019 ORSA stress tests,
  - the entity and Group Solvency and Financial Condition Report (SFCR) and Regular Supervisory Report (RSR) established under Solvency II Pillar 3, relating to the obligations for reporting to the supervisor and the dissemination of information to the public,
  - management of the Group's capital,

- an update on the implementation of the internal model data quality action plan,
- the actuarial function report,
- the first-time review of the ORSA written policy and the revision of certain written policies submitted to the Board of Directors for approval;

- the committee validated the general principles of the recovery plan;
- the committee reviewed the anti-corruption action plan drawn up by the Company and the Group under the "Sapin II" law and the monitoring of the handling of complaints and provided an update on the implementation of the Insurance Distribution Directive.

Follow-up of the statutory auditors' responsibilities

- the Committee reviewed the budget for statutory auditor's fees with respect to fiscal year 2017;
- the statutory auditors presented to the Audit and Risk Management Committee their 2018 strategic audit plan, which describes their responsibilities, the areas of particular attention and their audit approach in response to the risks;
- the committee expressed its opinion on renewing the term of the statutory auditor of a subsidiary;
- it is further noted that at every meeting, the Committee heard the statutory auditors without the management being present.

Follow-up on certain financial transactions or projects

- the Committee was consulted on the issue of subordinated debt and on the adjustment of certain asset risk limits and reviewed property transaction plans;
- the Committee validated the action plan on the marketing of mutual certificates;
- the Committee was informed about the renewal of the annual authorisation for the Company to issue bonds, the authorisation to use forward financial instruments to hedge the portfolio against equity, real estate and currency risks and the renewal of the annual authorisation given to the Executive Management regarding endorsements, securities and guarantees.

Finally, the Committee also defined its programme of work.

3.1.2.2 Compensation and Appointments Committee

(a) Membership

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

- 3 Directors representing the regional mutuals: Michel Baylet, Chairman of the Groupama Centre-Atlantique regional mutual, Marie-Ange Dubost, Chairman of the Groupama Centre Manche regional mutual, and Michel L'Hostis, Chairman of the Groupama Loire Bretagne regional mutual;
- 1 Independent Director: Caroline Grégoire Sainte Marie, Chairman of the Committee.

The Chairman of Groupama Assurances Mutuelles and the CEO do not participate in the Committee's work. The General Secretary of Groupama Assurances Mutuelles, who performs the duties of secretary of the Committee, provides ongoing assistance in the Committee's work.

(b) Responsibilities

The responsibilities of the Compensation and Appointments Committee, which are included in the internal bylaws of the Board of Directors of Groupama Assurances Mutuelles, are listed below:

- propose to the Board of Directors any matters relating to the personal status of the corporate secretaries, specifically compensation, pensions, as well as provisions for the departure of members of the Company's management bodies;
- make any proposals relating to the compensation of corporate officers;
- define the rules for setting the variable portion of the compensation of Corporate Secretaries and ensure the consistency of these rules with the annual assessment of the performance of the Corporate Secretaries and with the Group's medium-term strategies;
- evaluate all compensation and benefits received by Directors, as applicable, from other companies of the Group, including retirement benefits and benefits of any kind;
- organise a procedure to select future Independent Directors and to perform its own studies on potential candidates before any measure has been taken with regard to them;
- verify each year the individual status of each Director other than Directors representing member mutuals or employees with regard to the status of Independent Director and communicate the conclusions of its examination to the Board of Directors;
- perform tasks involving evaluation of the Board of Directors' operating methods annually and to communicate the conclusions of these tasks to the Board of Directors.

(c) Activity in 2018

During fiscal year 2018, the Compensation and Appointments Committee meet on four occasions: 7 March, 25 April, 18 October, and 5 December. Each time, the Committee presented a report on its activities to the Board of Directors. The attendance rate was 100%.

In 2018, the work of the Committee focused on the following main topics:

Status and compensation of corporate officers

- the Committee proposed a review of the variable compensation for 2017 for the Chief Executive Officer and examined the result of the first year of the 2017–2019 multi-year performance plan;
- it examined Groupama SA's draft registration document and management report for 2017 on compensation for Directors and officers and corporate governance as well as the 2017 compensation components subject to a vote by the shareholders; it also reviewed the principles and criteria for determining, distributing, and allocating the compensation components of Directors and officers for 2018 subject to the shareholders' vote pursuant to Article L. 225-35-2 of the French Commercial Code;

- it presented the variable compensation plan for fiscal year 2018 and made a proposal concerning the CEO's quantitative and qualitative variable compensation objectives for the 2019 fiscal year.

Verification of independence

- The committee verified the independent status of the outside Directors of the Board of Directors with regard to the criteria set out in the AFEP-MEDEF Code of Corporate Governance, included in the internal bylaws.

Training of Directors

- the Committee proposed a training programme for 2018 and put forward a proposal for subject areas likely to be adopted for 2019.

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

- the Committee reviewed the results of the assessment of the operating method of the Board and the committees for fiscal year 2017;
- it reviewed the draft questionnaire on the assessment of the work of the Board and the committees for fiscal year 2018;
- it reviewed the application of the AFEP-MEDEF recommendations on corporate governance and Directors' compensation on the reading of benchmarks established on a set of insurance companies in France in comparable functions.

Conversion of the central body

- as part of the conversion of the central body Groupama SA from a public limited company to a national agricultural reinsurance mutual in June 2018, the Committee examined the compensation scheme for Directors and officers in the new structure with, in particular, a proposal made to the Board of Directors concerning the condition of suspension of the CEO's employment contract and the conditions of termination.

Miscellaneous

- the Committee reviewed the updates to the compensation policy and the "Fit & Proper" policy;

Finally, the Committee also defined its programme of work for fiscal year 2019.

3.1.2.3 The Agreements Committee has become the Strategy Committee

Following the conversion of Groupama's central body on 7 June 2018 into a national agricultural reinsurance mutual called Groupama Assurances Mutuelles, the Board of Directors reviewed the membership and duties of its study committees.

In this context, the Board of Directors decided at its meeting of 7 June 2018 to change the duties of the Agreements Committee, which no longer needed to be taken into account in view of the change in the Company's form and purpose, by transforming it into a Strategy Committee.

(a) Membership

The Strategy Committee is made up of 4 members, including:

- two Directors representing the member mutuals: Daniel Collay, Chairman of Groupama Paris Val de Loire regional mutual, and Laurent Poupart, Chairman of the Groupama Nord-Est regional mutual;
- two Independent Directors: Isabelle Bordry and Ada Di Marzo.

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Isabelle Bordry, an Independent Director, was appointed as Chairman of the Strategy Committee on 25 September 2018.

The Director of Strategy and Partnerships, the General Secretary, who handles the secretarial duties, and the Head of Legal participates as permanent members of the Committee.

(b) Responsibilities

The responsibilities of the Strategy Committee, which are included in the internal bylaws of the Groupama Assurances Mutuelles Board of Directors, are listed below:

- review the strategic guidelines and associated action plans of the Group and its components as contained in the three-year Strategic and Operational Planning Process;
- discuss the Group's longer-term, forward-looking strategic guidelines with regard to the opportunities and constraints of the environment as anticipated by the Group;
- review, on behalf of the Board of Directors, proposed strategic partnerships or M&A (acquisitions and disposals) and similar opportunities from strategic and financial perspectives, it being specified that the Chairman of the Audit and Risk Management Committee is invited to take part in this work.

(c) Activity in 2018

During fiscal year 2018, the Strategy Committee, created on 7 June 2018, met three times: on 25 September, 17 October, and 5 December. On each occasion, it presented a report on its activities to the Board of Directors. The attendance rate was 92%.

During these three meetings, the committee:

- considered a proposed partnership in remote surveillance;
- provided an update on the Group's digital transformation programme in progress;
- reviewed the discussions in progress within the Group on the automobile telematics strategy and connected objects.

Finally, the Committee also defined its programme of work.

3.1.2.4 Membership of the committees

Since 7 June 2018, the membership of the committees of the Board of Directors is as follows:

Committee	Members
Audit and Risk Management Committee	■ Bruno Rostain, Chairman
	■ Jean-Pierre Constant
	■ Caroline Grégoire Sainte Marie
	■ Jean-Louis Pivard
	■ François Schmitt
Compensation and Appointments Committee	■ Caroline Grégoire Sainte Marie, Chairman
	■ Michel Baylet
	■ Marie-Ange Dubost
	■ Michel L'Hostis
Strategy Committee	■ Isabelle Bordry, Chairman
	■ Daniel Collay
	■ Ada Di Marzo
	■ Laurent Poupart

3.1.3 ASSESSMENT OF THE BOARD OF DIRECTORS

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

After two years of internal evaluation, the 2018 evaluation was entrusted to an outside firm based on individual interviews. The firm relied on an interview guide validated by the Compensation and Appointments Committee.

The results of this assessment were discussed in the Compensation and Appointments Committee Meeting of 7 March 2019 and in the meeting of the Board of Directors on 14 March 2019.

The Directors stressed that the functioning of the Board of Directors generally met their expectations, had improved even further, and was consistent with the rules of good governance. In addition, the implementation of some of the measures recommended in recent evaluations were welcomed, such as the recruitment of an additional Independent Director or the creation of a Strategy Committee to replace the Agreements Committee, to name just the most significant.

The membership of the Board of Directors and the committees is balanced and satisfies the Directors, who consider that all the necessary skills needs are met.

The Directors unanimously emphasised the alignment of the Board of Directors and the Executive Management with the strategy and the management of risks and highlighted the trusted relationship between them, which contributes to the quality of governance.

The information is considered accessible and available.

The points requiring attention raised by the Directors led to the definition of areas for improvement proposed to the Board of Directors for 2019 particularly aimed at strengthening the review of certain topics, especially strategy, adding to discussions, and defining new training priorities.

3.1.4 VERIFICATION OF THE SITUATION OF OUTSIDE DIRECTORS WITH REGARD TO THE CRITERIA OF INDEPENDENCE ADOPTED BY THE COMPANY, RESULTING FROM THE AFEP-MEDEF CODE OF CORPORATE GOVERNANCE AND APPENDED TO THE INTERNAL BYLAWS

Criteria	Isabelle Bordry	Ada Di Marzo	Caroline Grégoire Sainte Marie	Bruno Rostain
■ is not currently or has not been over the past five years an employee or corporate officer of the Company or an employee or Director of the parent company or a company that it consolidates;	X	X	X	X
■ has not been paid by the Company, in any form whatsoever, with the exception of Directors' attendance fees, compensation of over one hundred thousand euros (€100,000) within the past five years;	X	X	X	X
■ is not a Corporate Secretary of a company in which the Company holds, directly or indirectly, the position of Director or in which an employee designated as such or a Corporate Secretary of the Company (currently or within the past five years) holds the position of Director;	X	X	X	X
■ is are not a significant customer, supplier, investment banker, or financing banker of the Company or its Group, or for which the Company or its Group represents a significant portion of business activity;	X	X	X	X
■ he/she has no close family ties to a corporate officer;	X	X	X	X
■ has not been the auditor of the Company over the previous five years;	X	X	X	X
■ has not been a Director of the Company for over twelve years.	X	X	X	X

3.1.5 MUTUAL INSURANCE ADVISORY BOARD

In accordance with the provisions of the new bylaws of Groupama Assurances Mutuelles, a Mutual Insurance Advisory Board has been established, responsible for defining the general strategies of the mutual insurance group and overseeing their implementation.

Composed of 49 members, this committee brings together five representatives from each of the nine member metropolitan regional mutuals (the Chairman of their Board of Directors as well as four members appointed by them from among the members of their Board of Directors) and one representative from each of the two mutuals of the overseas departments and the two member specialised mutuals (the Chairman of the Board of Directors).

3.1.6 EXECUTIVE MANAGEMENT

The Chief Executive Officer is responsible for the Company's Executive Management.

3.1.6.1 Chief Executive Officer

Thierry Martel, the Chief Executive Officer, is vested with the broadest powers to act on behalf of the Company under any and all circumstances. He exercises his authority within the limit of the corporate purpose and subject to the authority expressly granted to General Meetings and the Board of Directors and within the limits set by the bylaws and the Board of Directors (see section 3.1.1.6).

Thierry Martel is assisted by two Deputy Chief Executive Officers: Fabrice Heyriès, in charge of Human Resources, Finance, Legal Affairs, Auditing, and Risks, and Christian Cochennec, in charge of France Damage and IT activities, since 4 July and 1 October 2015 respectively.

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

Thierry Martel

Date of birth: 25 October 1963

ADRESSE PROFESSIONNELLE

GROUPAMA ASSURANCES MUTUELLES
8-10, RUE D'ASTORG
75008 PARIS, FRANCE

Main role in the Company

Thierry Martel was appointed Chief Executive Officer of the Company on 24 October 2011. This term was renewed during the Board meeting of 18 June 2015 and will expire following the Annual General Meeting in 2021. At its meeting of 7 June 2018, the Board of Directors confirmed Thierry Martel in his duties, with no time limitation, in accordance with the law applicable to mutual insurance companies.

Roles outside the Company

- Vice-Chairman of Association des Assureurs Mutualistes (AAM)
- Member of the Executive Committee of Fédération Française d'Assurance (FFA)
- CEO of Fédération Nationale Groupama from 27 October 2011 to 7 June 2018

Professional experience/Management expertise

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

Graduated from the École Polytechnique in July 1985.

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

Certified member of the Institut des Actuaires Français.

Current offices held

Served within the Group in France

Groupama Holding Filiales et Participations	Non-Director Chief Executive Officer	Since 7 June 2018

Served outside the Group in France

La Banque Postale Assurances IARD	Vice-Chairman of the Board of Directors	Since 8 December 2011
	Director	Since 10 December 2009
Compagnie Financière d'Orange Bank	Vice-Chairman of the Board of Directors	Since 4 October 2016
Fonds Stratégique de Participations	Permanent representative of Groupama Assurances Mutuelles, Director	Since 21 September 2015

Offices held from 2014 to 2018 no longer held by Mr Martel	
Served within the Group in France	
Groupama Holding	› Non-Director Chief Executive Officer (end of term 7 June 2018)
Groupama Holding 2	› Non-Director Chief Executive Officer (end of term 7 June 2018)
Groupama Holding Filiales et Participations	› Chairman of the Board of Directors (end of term 6 June 2018)

3.1.6.2 Steering Committee

The Steering Committee develops, proposes, and implements the strategy of Groupama Assurances Mutuelles in accordance with the Group's general strategies set by Mutual Insurance Advisory Board. It runs the French and international subsidiaries.

It sets the major priorities for the work of the various departments of the Company and monitors the implementation of these decisions.

The committee is made up of 16 members as of the end of 2018 and brings together representatives of the major departments of Groupama Assurances Mutuelles to meet with the Chief Executive Officer. It met twice in 2018.

3.1.6.3 Group Executive Committee

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

The Group Executive Committee is made up of the Chief Executive Officers of the regional mutuals and the Senior Managers of Groupama Assurances Mutuelles. It is chaired by the Company's Chief Executive Officer. It meets twice each month and may meet more often when the situation so requires.

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

3.1.7 OTHER INFORMATION

3.1.7.1 Relations within the management bodies

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

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

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

There is no arrangement or agreement entered into with customers or suppliers under which any member of the Board of Directors or of the Company's Executive Management would have been selected.

3.1.7.2 Conflicts of interest in the management bodie

The Company's general secretariat is responsible for verifying the occurrence of any conflicts of interest between the duties of the persons referred to in point 3.1 and their private and/or professional interests.

Note that the internal bylaws, in their Article 4.2.4, reiterate the Directors' duties of loyalty and the rules for prevention of conflicts of interest.

No conflicts of interest have been identified at this point.

3.1.7.3 Lack of service agreements

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

3.2 DELEGATIONS OF AUTHORITY AND POWERS

Since its conversion into a national agricultural reinsurance mutual, a form of company without capital, the Groupama SA shares have been cancelled.

Consequently, the delegations of authority and powers valid as of the day of the conversion have ended.

As a reminder, these delegations were the following:

Securities	Resolutions	Duration of the authorisation	Expiry	Maximum nominal amount of capital increase
Issue with preferential subscription right (capital increase, all securities combined)	9th Resolution GM of 7 June 2016	26 months	August 2018	€1.1 billion to be charged against the total amount of capital increases authorised by the General Meeting, *i.e.* €1.1 billion
Issue without preferential subscription right of shares or securities giving access to the capital in order to compensate contributions in kind	15th Resolution GM of 28 June 2017	26 months	August 2019	10% of the share capital
Capital increase by capitalisation of premiums, reserves, profits, etc.	16th Resolution GM of 28 June 2017	26 months	August 2019	€400 million
Issue without preferential subscription right of shares or securities giving access to the capital in order to compensate contributions in kind	12th, 13th and 14th Resolutions GM of 28 June 2017	18 months	December 2018	€1.1 billion to be charged against the total amount of capital increases authorised by the General Meeting, *i.e.* €1.1 billion
Capital increase reserved for employees who are members of an employee savings plan	17th Resolution GM of 28 June 2017	26 months	August 2019	€150 million

3.3 COMPENSATION PAID TO AND EQUITY INTERESTS OWNED BY DIRECTORS

In accordance with the recommendations of the Code of Corporate Governance for listed companies revised in June 2018, calculation of the compensation due to corporate secretaries is the responsibility of the Board of Directors and is based on the proposals of the Compensation and Appointments Committee.

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

3.3.1 COMPENSATION AND BENEFITS PAID TO THE DIRECTORS OF THE BOARD OF GROUPAMA ASSURANCES MUTUELLES

Until 7 June 2018, the date of the change of Company's corporate form, 11 Directors representing the majority shareholder and 4 Independent Directors received attendance fees, except the Chairman of the Board, who receives compensation for his duties, and the Directors elected by the employees.

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

These Directors' fees are paid quarterly.

For fiscal year 2018, as part of the global package maintained at €980,000, the distribution between fixed and variable amounts is as follows:

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

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

Under these circumstances, and given the attendance of the Directors in 2018, the variable portion of the Directors' fees paid by the Company tied to the attendance record outweighs the fixed portion.

Moreover, in 2018 certain Directors received attendance fees as members of the Board of Directors of the holding company, Groupama Holding, which was taken over by Groupama SA on 7 June 2018 prior to its conversion. Details of these fees are summarised in the following table.

Table of Directors' fees from 1 January to 6 June 2018 *(figures in euros)*

(Gross amounts before tax levy and social security contributions*)

	Directors' fees paid in 2018			Directors' fees paid in 2017		
Members of the Board of Directors	**By Groupama SA(1)**	**By Groupama Holding(1)**	**Total**	**By Groupama SA**	**By Groupama Holding**	**Total**
Monique Aravecchia (appointed 28 June 2017 until 7 June 2018)	31,538	-	31,538	11,003	-	11,003
Michel Baylet	45,654	17,175	62,829	60,953	44,280	105,233
Isabelle Bordry(3)	42,909	-	42,909	58,208	-	58,208
Marilyn Brossat (appointed 28 June 2017 until 7 June 2018)	31,538	-	31,538	8,258	-	8,258
Thierry Chaudon(2)	-	-	-	-	-	-
Daniel Collay	42,909	17,175	60,084	59,580	44,280	103,860
Jean-Pierre Constant (appointed 3 May 2018)	10,899	-	10,899	-	-	-
Amaury Cornut-Chauvinc (until 26 April 2018)	34,755	13,845	48,600	63,698	44,280	107,978
Ada Di Marzo(3) (appointed 28 June 2017)	48,399	-	48,399	14,895	-	14,895
Marie-Ange Dubost	45,654	17,175	62,829	66,443	44,280	110,723
Caroline Grégoire Sainte Marie(3)	62,516	-	62,516	84,758	-	84,758
Michel L'Hostis	42,909	17,175	60,084	58,208	44,280	102,488
Jean-Louis Pivard	48,399	17,175	65,574	66,443	44,280	110,723
Laurent Poupart	45,654	17,175	62,829	63,698	44,280	107,978
Bruno Rostain(3)	48,399	-	48,399	66,443	-	66,443
Liouba Ryjenkova(2)	-	-	-	-	-	-
François Schmitt	45,654	24,975	70,629	63,698	62,280	125,978
Groupama regional mutuals(4)		151,830	151,830		398,520	398,520
TOTAL	**627,786**	**293,700**	**921,486**	**746,286**	**770,760**	**1,517,046**

* *Gross Amounts before 12.8% tax levy and 17.2% social security contributions.*
(1) *Some of Groupama SA's attendance fees were paid after the conversion. Similarly, part of Groupama Holding's attendance fees were paid after the merger.*
(2) *Directors employed for a period of four years; they do not receive compensation for their term of office.*
(3) *Independent Directors appointed by the General Meeting for a period of six years.*
(4) *Directors' fees for Directors who are Chief Executive Officers of regional entities are paid directly to their respective regional mutuals.*

Since 7 June 2018, Directors who are representatives of member mutuals of the Board of Directors have received allowances, and, pursuant to Article R. 322-120-3 of the French Insurance Code, Independent Directors have received compensation.

The General Meeting of 7 June 2018 decided on the maximum amount of €520,000 that may be allocated annually as allowances and reimbursement of expenses to Directors representing member mutuals.

On 7 June, the Board of Directors fixed the amount of monthly allowances paid to Directors representing member mutuals for the time spent in meetings inside the Group at €4,000. For meetings outside the Group and meetings of the Boards of foreign subsidiaries, held outside the internal meeting days, a flat-rate allowance of €275 per day is granted.

In certain cases of absence, the monthly flat-rate allowances are reduced.

The General Meeting also fixed the maximum annual amount of gross compensation that may be allocated to Independent Directors at €370,000.

Their compensation is fixed at €22,050 in annual flat-rate compensation for participation in the Board of Directors and €2,745 per meeting paid according to attendance. Participation in the Board's specialised committees pays €4,590 for the annual flat-rate part per committee – with the exception of the Chairmen of the committees of the Board, who receive €10,000 – and €2,745 per meeting for the part paid according to attendance.

No compensation is granted for meetings scheduled in advance as part of the national calendar for participation by telephone.

All allowances, compensation, and expense reimbursements are shown in the table below.

Certain Groupama Assurances Mutuelles Directors received attendance fees in 2018 as members of the Boards of Directors of subsidiaries of Groupama Assurances Mutuelles. The details of these fees are summarised in the following table.

Table of allowances, compensation, and Directors' fees as from 7 June 2018

(Gross amounts, in euros)

Members of the Board of Directors	Allowances and compensation	Directors' fees – Subsidiaries	Total	Miscellaneous expenses
Michel Baylet	28,988	39,033	68,021	
Isabelle Bordry	40,122		40,122	
Daniel Collay	29,125	39,033	68,158	743
Jean-Pierre Constant	28,025	39,033	67,058	410
Amaury Cornut-Chauvinc	3,575		3,575	1,848
Ada Di Marzo	37,056		37,056	
Marie-Ange Dubost	30,100	40,533	70,633	2,436
Caroline Grégoire Sainte Marie	50,958		50,958	
Michel L'Hostis	31,325	39,033	70,358	
Jean-Louis Pivard	27,200	39,033	66,233	5,985
Laurent Poupart	32,150	39,033	71,183	3,260
Bruno Rostain	45,612		45,612	
François Schmitt	33,250	45,033	78,283	1,418
Groupama regional mutuals		348,300	348,300	
TOTAL	**417,486**	**668,064**	**1,085,550**	**16,100**

The table below summarises the gross amounts paid to Directors for 2018 overall (before and after the conversion into a mutual insurance company).

Summary of allowances, compensation, and Directors' fees paid in 2018

(Gross amounts, in euros)

Members of the Board of Directors	Directors' fees before conversion	Allowances, compensation, and Directors' fees after conversion	Total 2018	Total 2017
Monique Aravecchia	31,538	-	31,538	11,003
Michel Baylet	62,829	68,021	130,850	105,233
Isabelle Bordry	42,909	40,122	83,031	58,208
Marilyn Brossat	31,538	-	31,538	8,258
Thierry Chaudon	-	-	-	-
Daniel Collay	60,084	68,158	128,242	103,860
Jean-Pierre Constant	10,899	67,058	77,957	-
Amaury Cornut-Chauvinc	48,600	3,575	52,175	107,978
Ada Di Marzo	48,399	37,056	85,455	14,895
Marie-Ange Dubost	62,829	70,633	133,462	110,723
Caroline Grégoire Sainte Marie	62,516	50,958	113,474	84,758
Michel L'Hostis	60,084	70,358	130,442	102,488
Jean-Louis Pivard	65,574	66,233	131,807	110,723
Laurent Poupart	62,829	71,183	134,012	107,978
Bruno Rostain	48,399	45,612	94,011	66,443
Liouba Ryjenkova	-	-	-	-
François Schmitt	70,629	78,283	148,912	125,978
Groupama regional mutuals	151,830	348,300	500,130	398,520
TOTAL	**921,486**	**1,085,550**	**2,007,036**	**1,517,046**

In addition, the Board of Directors of Groupama Assurances Mutuelles has granted the possibility to allocate allowances and expense reimbursements to members of the Mutual Insurance Advisory Board, with an annual amount fixed at €600,000 by the General Meeting of 7 June 2018.

With regard to members of the Mutual Insurance Advisory Board, at its meeting of 7 June, the Board of Directors fixed:

- the amount of the monthly allowances paid to members of the Mutual Insurance Advisory Board at €3,000 for time spent in meetings inside the Group. For meetings outside the Group and meetings of the Boards of foreign subsidiaries, held outside the internal meeting days, a flat-rate allowance of €275 per day is granted. In certain cases of absence, the monthly flat-rate allowances are reduced;
- for other members of the Mutual Insurance Advisory Board, a flat-rate allowance of €275 per day is granted for their attendance at meetings related to their duties.

In 2018, the allowances and expense reimbursements for members of the Mutual Insurance Advisory Board totalled €257,633 gross and €20,173 respectively.

The General Meeting of 7 June 2018 adopted a resolution concerning retirement benefits for Directors representing member mutuals and members of the Mutual Insurance Advisory Board by:

- authorising the Board of Directors to continue, under terms and conditions that it deems appropriate, the Chairman death benefits (IVP) scheme administered until now by Fédération Nationale Groupama for former regional chairmen and national Directors of the Group and to extend the benefit to Directors representing member mutuals and members of the Mutual Insurance Advisory Board;
- deciding to fix the maximum amount of funding that can be allocated annually to these retirement benefits by the Groupama national reinsurance mutual at €980,000.

In 2018, Groupama Assurances Mutuelles paid €830,587 for this purpose.

3.3.2 COMPENSATION AND BENEFITS PAID TO CORPORATE SECRETARIES

3.3.2.1 Compensation

(a) Chairman

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

- gross annual compensation paid monthly over twelve months;
- rights to replacement income at the time of his departure representing 13.6% of his gross annual compensation, a plan identical to that of his predecessors. It is a defined-contribution retirement scheme; the Company is responsible for a social security expense of 20% on contributions.

The gross annual amount of the estimated pension at 31 December 2018 is appropriately 7 thousands of euros.

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

Summary table of compensation, options and shares awarded *(figures in euros)*

Jean-Yves Dagès (Chairman of the Board of Directors)	FY 2018	FY 2017
Compensation due for the fiscal year (detailed in the following table)	294,460	294,451
Value of options awarded during the fiscal year	Not applicable	Not applicable
Value of restricted equities awarded during the fiscal year	Not applicable	Not applicable
Value of other long-term compensation plans	See § 3.4.2.8	See § 3.4.2.8
TOTAL	**294,460**	**294,451**

Summary table of compensation *(figures in euros)*

	FY 2018		FY 2017	
Jean-Yves Dagès (Chairman of the Board of Directors)	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	259,200	259,200	259,200	259,200
Variable compensation	Not applicable	Not applicable	Not applicable	Not applicable
Extraordinary compensation	Not applicable	Not applicable	Not applicable	Not applicable
Directors' fees	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in kind[(1)]	35,260	35,260	35,251	35,251
TOTAL	**294,460**	**294,460**	**294,451**	**294,451**

(1) The 2018 amount corresponds to the retirement contribution (€35,260).

(b) Chief Executive Officer

The Chief Executive Officer receives fixed annual compensation in twelve equal instalments and variable compensation paid at the beginning of the following year.

Note that the 2018 variable compensation for the Chief Executive Officer is calculated in relation to a target figure (100% of the fixed compensation) from quantitative criteria (60%) based on the achievement of key performance indicators (France premium income in individual and group health and protection insurance, Group non-life insurance combined ratio, economic operating income), and two qualitative criteria (40%) related to the Group's strategy. The quantitative criteria, qualitative criteria and amounts are set by the Company's Board of Directors on the recommendation of the Compensation and Appointments Committee.

With effect from 2017, a new multi-year performance plan over three years has been implemented for the period 2017–2019.

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

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

The compensation is paid in full when all the targets have been achieved for each of the three years. It is also paid in full when the targets are achieved at the end of the three-year period without having necessarily achieved the targets in previous years since the period-end targets are achieved.

Note that the compensation for the first year can be cancelled in the second year if the performance of this second year is deemed insufficient; the same will be true for the third year. Each target is assessed independently of the others. In addition, there was no provision for payment of compensation in proportion to the rate of achievement of the targets.

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

Two criteria were used to measure the achievement of the targets set for each year: the refinancing rate spread and a criterion related to the Group's digital strategy.

Summary table of compensation, options and shares awarded *(figures in euros)*

Thierry Martel (Chief Executive Officer)	FY 2018	FY 2017
Compensation due for the fiscal year (detailed in the following table)	1,196,524	1,272,466
Value of options awarded during the fiscal year	Not applicable	Not applicable
Value of restricted equities awarded during the fiscal year	Not applicable	Not applicable
Value of other long-term compensation plans	See § 3.3.2.8	See § 3.3.2.8
TOTAL	**1,196,524**	**1,272,466**

Summary table of compensation *(figures in euros)*

	FY 2018		FY 2017	
Thierry Martel (Chief Executive Officer)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation	660,000	660,000	660,000	660,000
Variable compensation	489,157	566,465	566,465	389,304
Extraordinary compensation	Not applicable	Not applicable	Not applicable	Not applicable
Directors' fees	Not applicable	Not applicable	Not applicable	Not applicable
Benefits in kind(1)	47,367	47,367	46,001	46,001
TOTAL	**1,196,524**	**1,273,882**	**1,272,466**	**1,095,305**

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

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

Not applicable, as Groupama Assurances Mutuelles has never allocated stock subscription or purchase options.

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

Not applicable.

3.3.2.4 Bonus shares allocated during the year to executive officers

Not applicable, as Groupama Assurances Mutuelles has never issued a bonus share plan.

3.3.2.5 Restricted stock vesting during the year for executive officers

Not applicable.

3.3.2.6 History of stock subscription or purchase option awards

Not applicable.

3.3.2.7 History of allocations of bonus shares

Not applicable.

3.3.2.8 Summary of multi-year variable compensation of each executive officer

Name and function of the executive officer	FY 2018	FY 2017	FY 2016
Jean-Yves Dagès Chairman of the Board of Directors	Not applicable	Not applicable	Not applicable
Thierry Martel Chief Executive Officer	No payment during the fiscal year	payment made in 2017 under the 2014–2016 performance plan: 223,275	No payment during the fiscal year

3.3.2.9 Summary of the status of the Corporate Secretaries

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

(1) Employment contract suspended because of the Chief Executive Officer's service as an employee before his appointment for 21 years.

3.3.3 MEMBERS OF THE STEERING COMMITTEE

3.3.3.1 Compensation

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

Note that the Steering Committee had 15 members as of the end of 2018, not including the Chief Executive Officer, whose compensation components are indicated in section 3.3.2.1 (b).

	Year 2018	Year 2017
(figures in euros)	Gross amount paid during the year	Gross amount paid during the year
Members of the Steering Committee(1)	5,845,439	4,683,295
Average number of members during the year	14	11

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

3.3.3.2 Pension commitments made for the members of the Steering Committee

A defined-benefits scheme (article 39 of the French General Tax Code) was established by an agreement on 26 June 2001 for the members of the Steering Committee; this agreement was amended by agreement on 22 March 2004, then by agreement on 5 December 2005, then by an addendum on 31 May 2017.

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

The members of the Steering Committee may qualify for this system provided they meet the conditions precedent under the agreement. Note that the contract is closed to new entrants starting from 31 May 2017.

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

The resulting income may be neither less than 10% of the benchmark salary defined in the agreement nor more than 30% of the average gross annual compensation for the past 36 months. The basic, additional or supplementary schemes must not exceed 50% of the gross annual compensation of the beneficiary. Subject to fulfilling all of the aforementioned conditions, the rough estimate as of 31 December 2018 of the annual theoretical pension is approximately €269K for the Chief Executive Officer.

The management of the scheme is outsourced.

The Company is responsible for a contribution of 32% on pensions paid.

The total liability as at 31 December 2018 was €17,233,450 for members of the Steering Committee at that time.

3.3.4 COMPENSATION POLICY FOR EXECUTIVE CORPORATE OFFICERS

Pursuant to the provisions of the AFEP-MEDEF Code of Corporate Governance, the following components of the compensation due or allocated for the ended fiscal year to each corporate officer of the Company must be subject to a vote in the General Meeting:

- the fixed portion;
- the variable portion with the performance criteria used to determine its amount;
- extraordinary compensation;
- stock option, performance shares, as well as multi-year variable compensation plans with performance criteria used to determine these elements of compensation;
- allowances relating to taking on or terminating duties;
- the supplemental pension scheme;
- benefits of any kind.

It is proposed that the General Meeting of 14 June 2019 cast a vote on the components of the compensation due or allocated to each corporate officer of the Company for fiscal year 2018, namely:

- Jean-Yves Dagès, Chairman of the Board of Directors;
- Thierry Martel, Chief Executive Officer.

(a) Components of the compensation due or allocated for fiscal year 2018 to Jean-Yves Dagès, Chairman of the Board of Directors, subject to a vote by the delegates

It is proposed that the General Meeting of 14 June 2019 vote in favour of the following components of the compensation due or allocated to Jean-Yves Dagès, Chairman of the Board of Directors for the fiscal year now ended.

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

Elements of the compensation due or allocated for the fiscal year now ended that are or were the subject of a vote by the General Meeting under the procedure for regulated agreements and commitments	Amounts subject to vote	Comments
Severance pay	Not applicable	
Non-competition compensation	Not applicable	
Supplementary pension scheme	35,260	Defined-benefits pension scheme authorised by the Board of Directors on 14 December 2012 and confirmed on 19 February 2014. The amount indicated corresponds to the contributions (13.6% of gross compensation) paid by the Company in the previous year.

(b) Components of the compensation due or allocated for fiscal year 2018 to Thierry Martel, Chief Executive Officer, subject to a vote by the delegates

It is also proposed that the General Meeting of 14 June 2019 vote in favour of the following components of the compensation due or allocated to Thierry Martel, Chief Executive Officer, for fiscal year 2018.

Compensation elements due or awarded during the fiscal year now ended	Amounts or book value subject to vote *(in euros)*	Comments
Fixed compensation	660,000	Annual gross compensation approved by the meeting of the Board of Directors held on 30 July 2015 as from 18 June 2015
Annual variable compensation	489,157	Given the quantitative and qualitative criteria approved by the Board and the achievements recorded as at 31 December 2018, the amount of the variable portion was determined at the meeting of the Board of Directors held on 14 March 2019 based on recommendations from the Compensation and Appointments Committee on the basis of the following quantitative criteria (France premium income in individual and group health and protection insurance, Group non-life insurance combined ratio, economic operating income) and two qualitative criteria related to the Group's strategy.
Multi-year variable compensation	Valued at 82,500	With effect from 2017, a multi-year performance plan has been established for the period 2017–2019, the maximum amount of which is equal to 75% of the fixed compensation component. This compensation is subject to performance conditions determined on the basis of predefined quantitative objectives. Each year, if the targets are met, one third of the compensation package will be reserved; this share will only be paid out at the end of the three-year period if performance, reviewed each year, is achieved. In order to be paid the reserved amount, there is a presence condition by virtue of which the officer must still be effective in the function at the end of the three-year period. The criteria used to measure the achievement of the targets set for each year: the refinancing rate spread and a criterion related to the Group's digital strategy.
Stock options, restricted stock, and any other long-term compensation components	Not applicable	Like all the corporate officers of the Company, Thierry Martel has no stock options, restricted stock, or any other long-term compensation components.
Director's fees	Not applicable	Thierry Martel does not receive Directors' fees.
Value of benefits of any kind	47,367	Company car benefit in kind, protection and healthcare and social insurance cover for company senior executives and Managers.

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

3

3.4 INTERNAL CONTROL PROCEDURES

3.4.1 CONTROL ENVIRONMENT

3.4.1.1 Strategy

Groupama Assurances Mutuelles is the central body of Groupama. As such, it is in charge of defining and coordinating the implementation of the Group's strategy in the companies:

- the Group's medium-term and long-term strategic focuses are determined by the managing bodies;
- they are implemented in the short or medium term in accordance with a Group Strategic and Operational Planning ("SOP") process.

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

The strategic plan is defined for a period of three years.

On the France scope, the national consolidation of objectives is approved by the Group's executive bodies.

Internationally, each subsidiary develops its OSP just like the Group's other entities, submitted to the International Subsidiaries Department and the Group's Executive Management for validation.

3.4.1.2 Human Resources (HR)

The responsibilities of the Group HR Department cover three main areas:

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

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

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

The Group HR Department also carries out social projects in the consolidated companies, relating to the obligations of transparency and non-financial reporting covered in the Grenelle II law (publication in the management report of information relating to social impacts – organisation of work, labour relations, diversity, etc.). Note that after audit and verification by the statutory auditors, Groupama successfully obtained for 2018 (like the previous year) a certificate of participation as well as an attestation of sincerity.

3.4.2 INTERNAL CONTROL ORGANISATION AT THE GROUP LEVEL

Internal control is a mechanism that the Group implements to guarantee:

- the application of instructions and guidelines set by Executive Management or the Management Board;
- compliance with the laws and regulations, local rules and codes of conduct relating to the businesses carried out by the Group;
- the proper functioning of the internal processes and rules of each company, particularly those contributing to the safeguarding of the Group's assets;
- the reliability of financial data;
- the control of risks of any nature to which each company is exposed;
- and, in general, contribute to the control of its activities, the effectiveness of its operations and the efficient use of its resources.

Beyond compliance with the regulatory obligations, the implementation of an internal control system constitutes a strategic issue for Groupama essential to the preservation of its interests, the interests of its customers, partners, members and shareholders, and the interests of its staff or even its existence in case of a major event.

In this context, the general principles, objectives, and organisation of internal control of the Group and Groupama Assurances Mutuelles were defined in a policy approved by the Board of Directors of Groupama Assurances Mutuelles in 2015. For the Group's entities, this policy constitutes the common reference to be respected in the deployment of their internal control processes.

As auditing is part of the internal control procedure, a Group and Groupama Assurances Mutuelles audit policy supplements the provisions of the internal control policy with its own operating rules and scope of operation. Risk management policies as well as a compliance policy, defining the overall framework for implementation and operation of the compliance system within the Group, complete the general internal control system.

In accordance with the requirements of Solvency 2, a gap analysis was conducted in 2018 on each of the policies to verify whether they should be updated.

The internal control system deployed by the Group is based on commonly accepted practices [(1)] It covers the first-level and second-level permanent control system as well as periodic control (or third-level control).

Permanent control is implemented by:

- operational units that provide first-level control;
- teams specifically dedicated to permanent control (risks, compliance with laws and regulations, accounting control, security of information systems, etc.) that provide second-level control.

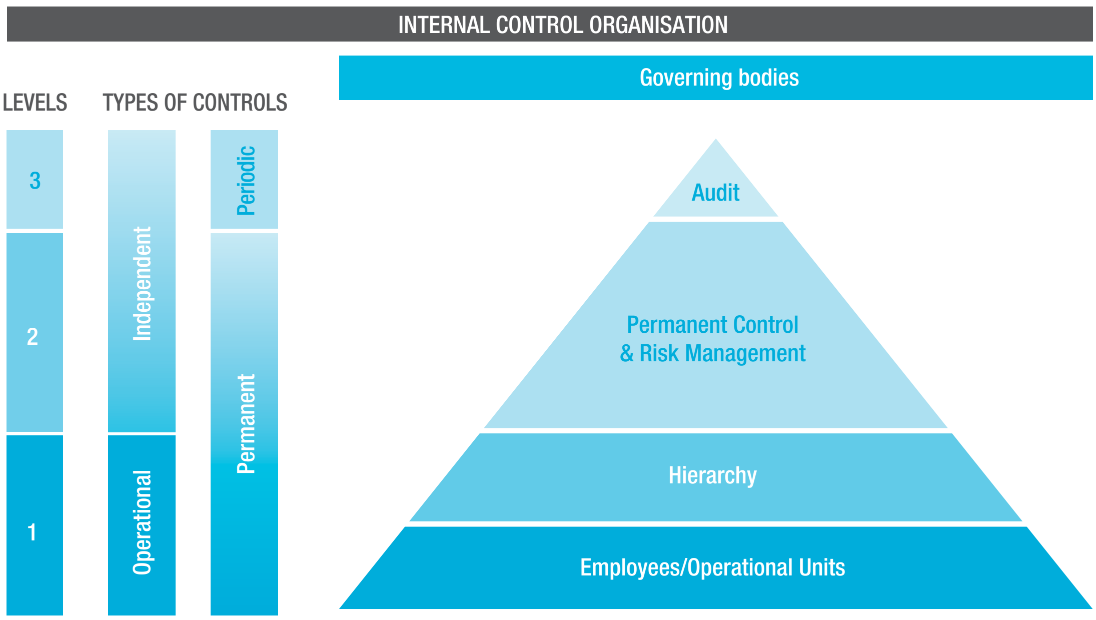
The internal audit function periodically assesses the adequacy and proper functioning of the permanent control system and provides a third level of control.

The various business lines are responsible for the risks that they generate through the operations that they carry out. They ensure and assume the first-level controls on their scope of responsibility.

Second-level and third-level controls are usually the responsibility of the specialised departments:

- the Group Risk Management/Control and Compliance Department;
- the Audit Department.

However, certain second-level permanent controls may be conducted by dedicated departments according to the organisation of the activity (Accounting Department, Information Systems Security Department, Legal Department, etc.).



3.4.2.1 Principles of organisation

As the central body, Groupama Assurances Mutuelles has defined a uniform policy framework to be put in place within the companies that takes into account their specific characteristics in terms of regulations, structure, organisation, and activity. The aim is to ensure the consistency of the principles and rules of management of permanent control and periodic control, with a view to controlling the risks that affect the Group, while taking into account the principle of proportionality as provided for in the Solvency 2 Directive.

The Group General Audit Department and the Group Risk Management/Control and Compliance Department each manage and supervise the internal control system for the entire Group. In practice, they are in direct contact with the regional mutuals and the subsidiaries both nationally and internationally as well as with medium-sized companies. Each of these companies must include in its scope all of its own subsidiaries and manage and oversee the implementation and monitoring of internal control systems in accordance with the principles and rules set out by the Group.

The Group Audit Department, under the responsibility of the Director of Audit, Risks, and Internal Control, and the Group Risk Management/Control and Compliance Department (DRCCG) report to the Deputy Chief Executive Officer of Groupama Assurances Mutuelles.

The Group Audit Director and the Group Risk Management/Control and Compliance Director periodically report to the Audit and Risk Management Committee of the Groupama Assurances Mutuelles Board of Directors on the Group's position and any work in progress in terms of internal control and risk management. It coordinates the actions of the Group Risk Management Department and the Group Operational Risk Management and Permanent Control Department.

(1) Inspired by the IFACI's work and using the COSO as a reference.

(a) Group Risk Management Department (DRG)

In terms of risk management, as of the end of 2018, the Group Risk Management Department (DRG) has a dedicated team of eight people and is more specifically involved in areas related to financial and insurance risks.

In 2018, the main actions undertaken by the teams in the Group Risk Management Department focused on:

- assessment of the Group's Major Risks, revision and strengthening of reporting to the Group's governance bodies;
- preparation and coordination of specialised Risk Committees;
- continued deployment of the RCAP (regulatory capital-adjusted profitability) project;
- completion of the annual system of assessment and collection of insurance and financial risks for all of the Group's entities;
- definition of the common methodological principles of assessment and preparation of a generic ORSA report proposed by the Group Risk Management Department, which serves as a basis for the entities to draw up their final report;
- support for the Risk Managers of the Group's entities for the processes of assessing risks and finalising their ORSA reports.

Both at Group level and at the entity level in France and internationally, the ORSA process was presented as work progressed, with approvals sought at each stage from the Steering Committees of Groupama Assurances Mutuelles and Risk Management Committees of Groupama Assurances Mutuelles and the entities.

At the same time, the Boards of Directors of the Group's insurance companies were involved – directly or through the Audit and Risk Management Committee upstream of the ORSA work (particularly through the validation of calculation assumptions and the choice of scenarios adopted) – and examined the results then approved their company's report before transmission to the local control authorities in accordance with the regulations.

(b) Group Operational Risk Management and Permanent Control Department (DROCPG)

As of the end of 2018, the Group Operational Risk Management and Permanent Control Department (DROCPG) has a dedicated team of twelve people and is involved especially in the scope relating to the management of operations risks and permanent control activities and is also in charge of the coordination of work to validate the partial internal model, major changes, and the SCR calculation by the internal model.

In 2018, the major tasks undertaken by the teams in the Group Operational Risk Management and Permanent Control Department focused on:

- continued supporting and monitoring of the deployment of the Group deliverables of Pillar 2 in the Group's entities;
- assessment of operational risks particularly on the basis of the Group nomenclature and the Group assessment methodology;
- preparation for the upgrade of the common operational risk management tool OROp;
- support for the Group's entities in the implementation of their Business Continuity Plan in line with the Group policy: testing drills, workshops, plenary session of Managers in the entities, deployment of a crisis management solution, and provision of examples of good practices;
- updating the document reference system;
- management of the network of risk and internal control officers and the organisation of meetings to discuss experiences through regular workgroups and the COMOP (operational implementation committee) grouping together the Arc Managers of the main companies of the Group's France scope.

In addition to these actions to strengthen the risk and control system, the Group Operational Risk Management and Permanent Control Department and the Group Compliance Department worked together on the annual internal control questionnaire campaign. The purpose of this self-assessment questionnaire is to ascertain the status of the risk control and internal control systems and their level of deployment (at both entity level and Group level) and uniformly measure the progress of the Group's entities. This status assessment gives rise to the development and monitoring of improvement action plans.

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

(c) Group General Audit Department

The objectives and the principles for operation and involvement of the Group's General Audit Department and the internal audit function as well as the relationship between the various control levels (Permanent Control, Internal Audit in the Group entities and General Audit Department) are formalised in the Group internal audit policy of Groupama Assurances Mutuelles.

The Group General Audit Department operates across the entire Group with a staff of 13 auditors. The Group General Audit Department's 2018 audit plan was approved by the Groupama Assurances Mutuelles Board of Directors.

The Group General Audit Department's 2018 audit plan is organised on an annual basis around four types of missions:

- general audits of entities;
- cross-functional process audits;
- audits of the Groupama Assurances Mutuelles departments;
- spot audits at the request of the executive management or provided for in the Group procedures.

Concerning the general audits of entities, the audit plan is created on the basis of a risk-based approach, with a three-year coverage objective for regional mutuals. Audit missions are preceded by a preliminary analysis of the risks facing the entity, in order to concentrate the audit investigations on the most sensitive areas. The audit also studies the functioning of the links the entity maintains with the Group and the other entities.

The general audits of entities conducted in 2018 by the Group General Audit Department focused on three regional mutuals, one insurance subsidiary, two service subsidiaries, and three international subsidiaries. Three subsidiaries underwent process audits as part of cumulative audits. Lastly, two cross-functional audits were conducted (one on brokerage activity and one on health benefits).

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

At the end of 2018, the Group's audit team had around 100 auditors across Groupama Assurances Mutuelles, the regional mutuals, and the Group's subsidiaries in France and internationally.

The working methods and the definition of the responsibilities of the key internal audit functions of the entities were formalised in dedicated policies approved in 2015 by the Boards of Directors of most of the Group's entities, consistent with the principles of the Internal Audit policy of the Group and Groupama Assurances Mutuelles.

The function is managed principally through an annual agreement and a quarterly working group (WG).

3.4.2.2 Internal control and risk management systems within the entities and Groupama Assurances Mutuelles

(a) Within the entities

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

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

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

Regarding organisation and governance, the French entities subject to the Solvency 2 regulations have specified in their risk policies the roles and responsibilities of the administration and executive management bodies, key functions, and operational or support departments involved in risk management.

As under the Group model, the entities regularly hold specialist Risk Committee meetings and reinforce the level of maturity of the following four key functions, defined under Solvency 2:

- the "Risk Management" key function;
- the "Compliance Verification" key function;
- the "Audit" key function;
- the "Actuarial" key function.

The Group Risk Management/Control and Compliance Department supports the entities in monitoring and rolling out Group standards.

The entities' permanent control plans are integrated into the community operational risk management tool according to the Group methodology. This tool also enables collection of incidents, assessment of operational risks, and management of action plans.

All of the Risk Management and Permanent Control/Compliance Managers of the Group's entities supplement the plan and meet regularly within the framework of information exchange and best practices bodies, directed by the Group Risk Management, Control, and Compliance Department. An ARC operation committee brings together the regional mutuals and the main subsidiaries of the Group's France scope, with regular reports to the Steering Committee.

(b) Within Groupama Assurances Mutuelles

Implementing the internal control system at the level of the functional and operational activities of Groupama Assurances Mutuelles is the responsibility of the different officers in charge of these activities under the authority of the Executive Committee. The area of responsibility of each of these Managers is determined by the delegations of authority approved. The implementation of the internal control system of the corporate entity Groupama Assurances Mutuelles is handled by an employee of the Group Risk Management/Control and Compliance Department.

(c) Monitoring of entities

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

- Group Finance Department for financial subsidiaries;
- Group Insurance and Services Department for the Non-Life insurance subsidiaries, the French service subsidiaries, and Groupama Supports & Services;
- Groupama Gan Vie's Executive Management for the life insurance subsidiary and the distribution subsidiaries Gan Patrimoine and Gan Prévoyance;
- International Subsidiaries Department for foreign subsidiaries.

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

Activity monitoring and financial reporting

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

This approach is based on a process of management planning that is common to all entities. It is implemented and coordinated by the Group Financial Control Department and is based on core Group standards for developing forecasts, approved by the Executive Management and updated regularly.

The internal control procedures for financial reporting are specified in chapter 5 of this registration document.

In addition to this monitoring process, business reviews are conducted twice a year for Group subsidiaries in France and internationally with the Executive Management of Groupama Assurances Mutuelles.

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

These business reviews have included a specific "risk" section presenting, by entity, the level of deployment of the internal control system and the main activities under way in the area of risk management.

Asset/Liability Management and investment strategy

As the central body, Groupama Assurances Mutuelles is responsible for defining the Group's investment strategy. The structuring framework of the management measures related to Asset/Liability Management and investment operations (general organisation and risk management measures) is formalised as part of the policy of the Group and Groupama Assurances Mutuelles for Asset/Liability Management and investment risk, approved by the Groupama Assurances Mutuelles Board of Directors on 27 May 2015.

The Group Investment Department, within the Group Financial Department, is in charge of defining the Group investment strategy and relies on, where appropriate, the expertise of the various Group entities or Groupama Assurances Mutuelles departments:

- Groupama Asset Management, Groupama Immobilier and outside Managers for market analyses;
- the Financial and Actuarial Departments of the various entities for information about the liabilities of each entity.

The major steps of the Group process for analysing assets/liabilities and defining the investment strategy specified below are adapted to the level of each entity on the basis of their objectives and their own governance.

The investment strategy is thus based on asset/liability analyses performed according to the issues of each company or portfolio and on expert analyses, taking into account the margins of prudence in view of the ALM conclusions [(1)]. These analyses make it possible to determine:

- the major arbitrage transactions to be considered in the portfolios;
- the investment guidelines by major asset class;
- the coverage requirements;
- the recommendations on the liability policies of the entities (underwriting policy in particular).

On the basis of this work, the Group Investment Department then formalises the Group investment strategy defining the following elements:

- the strategic allocation at the Group level and on the main portfolios (stock);
- cash flow projections and areas of allocation on these flows;
- changes in strategies by asset class;
- policies specific to derivatives;
- investments on new asset classes;
- the risk budgets (budget of capital losses, coverage budget, IFRS result budget, capitalisation reserve allowance and writeback policy).

The Group Investment Department verifies that this strategy complies with the Group risk limits. After this compliance verification is performed, the Group investment strategy is validated by:

- the Group Executive Committee;
- the Group Audit and Risk Management Committee;
- the Groupama Assurances Mutuelles Board of Directors.

After the Group investment strategy is validated, the Investment Department deploys this strategy operationally at the level of:

- each French subsidiary;
- each international subsidiary;
- certain contractual or regulatory administrative districts (for French subsidiaries).

In the Groupama Assurances Mutuelles subsidiaries, the investment strategies are validated during financial committee or Asset Allocation Committee meetings, depending on their organisation.

In the regional mutuals, investment strategies are validated during their financial committee meeting, in keeping with the Group's investment strategy.

3.4.3 RISK GOVERNANCE

The bodies dedicated to risk management enabling the Groupama Assurances Mutuelles Executive Management to carry out regular monitoring of the main risks incurred at Group level are the Group Risk Management Committee and the specialist Group committees for the various risk categories (Financial Risks, Insurance Risks and Operational Risks) and the capital Management Committee.

3.4.3.1 Group Risk Management Committee (CRG)

Its membership is the same as that of the Group Executive Committee.

Its tasks are to approve the risk management policy and the policies by risk area, particularly by setting the limits of major risks and determining the methods to be used to manage risks, to review and monitor the management of major Group risks and to examine the work of the Group Insurance, Financial and Operational Risk Committees.

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

(1) *Asset and Liability Management.*

(a) Group Financial Risk Committee (CRFG)

The Group Financial Risk Committee is made up of the Deputy Chief Executive Officer (Chairman), the heads of the Group Financial and Investment Departments, the Group Risk Management and Compliance Director, and representatives of the French Subsidiaries/International Subsidiaries Departments and banking and Asset Management subsidiaries. It is responsible for proposing to the Group Risk Management Committee the policy and rules governing the acceptance and retention of financial risks. In this context, it:

- identifies and evaluates financial risks;
- proposes asset risk limits at Group level and entity level as well as hedging principles;
- checks the proper application of these limits by the Group's entities and proposes action plans;
- validates any exemptions and/or the establishment of action plans;
- reviews the models and methodologies for assessment of financial risks (*e.g.* Asset/Liability Management, valuation, etc.) and the limits of these models;
- defines stress test scenarios for financial risks, evaluates their consequences, and proposes a modus operandi in case of occurrence of a financial shock;
- alerts the Group's Executive Management where appropriate.

b) Group Insurance Risk Committee (CRAG)

The Group Insurance Risk Committee is made up of the Deputy CEO in charge of the Group Insurance and Services Department (Chairman), the heads of the Insurance, Agricultural, SOP Management and Coordination, Reinsurance, Group Actuarial, and Group Risk Management/Control and Compliance Departments, representatives of the International Subsidiaries and Groupama Gan Vie. It is responsible for proposing the policy and rules governing the acceptance and retention of insurance risks to the Group Risk Management Committee. In this context, it:

- identifies and evaluates insurance risks;
- examines the commitment levels at the Group level and the main guidelines;
- defines stress test scenarios on insurance risks, evaluates their consequences, and proposes a modus operandi in case of occurrence;
- monitors governance and the performance of the internal model for insurance risks (*e.g.* decision for major change of the model);
- checks the proper application of the process for development and compliance of new products (life and non-life) with the Group risk management policy;
- alerts the Group's Executive Management where appropriate.

(c) Group Operational Risk Committee (CROG)

Composed of the heads of the Group Risk Management/Control and Compliance Department and the Groupama Assurances Mutuelles departments that are "owners" of the main identified operational risks and chaired by the General Secretary, it is responsible for:

- identifying and assessing operational risks (including compliance and reputation) and overseeing their consideration within the entities;
- defining and checking the budgets and operational risk limits consistent with the Group risk tolerance;
- monitoring all Group operational risks, particularly major Group operational risks;
- defining the policy for hedging against operational risks (operating risk insurance, BCP, etc.);
- alerting the Group's Executive Management where appropriate.

3.4.3.2 Capital Management Committee

The main objectives of this committee are:

- validation of the capital management policy;
- monitoring of the implementation of the capital management plan;
- monitoring of the Group's solvency risk;
- validation of the internal assessment of risks and the solvency of all Group entities at the Group level.

3.4.3.3 Cross-functional committees

In addition to the specific Risk Committees (CRG, specialised committees by risk category, and capital Management Committee), the Group Risk Management and Compliance Director chairs two cross-functional committees, allowing him to coordinate two important areas involved in the control of the Group's risks: the partial internal model and data quality.

(a) Internal Model Group Committee (CGMI)

The Internal Model Group Committee (CGMI), led by the Group Actuarial Department (in charge of modelling) and by the Group Risk Management, Control, and Compliance Department (in charge of independent validation of the model), is a body for decision-making and discussions between the various departments involved in or concerned by the internal model. As such, it takes an active role in the process of validating and changing the internal model. Its responsibilities are defined and detailed in the internal model policy. It reports to the Group Insurance Risk Committee, which has a role of consultation and guidance in such matters. It reports to the Group Risk Committee, the final decision-maker with regard to major changes to the model, before approval by the Board of Directors.

(b) Group Data Quality Committee (CGQD)

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

3.4.4 GROUP COMPLIANCE

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

Compliance essentially covers the themes pertaining to the Group's core business, *i.e.*, non-life insurance, life insurance, banking, asset management, and real estate governed particularly by the insurance, monetary and financial, consumer, and commercial codes, the General Regulation of the AMF, as well as the regulations from the supervisory authorities to which these activities are subject. In this context, the main themes and risks covered are as follows:

- the protection of customers;
- the fight against money laundering and terrorist financing;
- ethics and professional conduct/conflicts of interest/the fight against corruption and influence peddling/the duty of care of parent companies and whistleblowing rights;
- internal fraud;
- confidentiality, professional secrecy, and processing of medical data;
- personal data protection.

The Group Compliance Department supports, advises and verifies the formalisation and implementation of the rules enacted by the Groupama Assurances Mutuelles functional and business departments:

- the Group Legal Department for regulatory and legal watch aspects (compliance with the provisions of the insurance, commercial and consumer codes, tax regulations on insurance products, etc.) and Group internal standards, particularly for the monitoring of delegations of powers, anti-money laundering regulations and compliance with the provisions of the Data Protection Act. It serves as a cross-functional advisor in the implementation of projects within its fields, actively participates in the professional bodies and communicates the profession's position within the Group. Lastly, by its training actions, it contributes to spreading the legal culture within the Group and raising awareness of compliance with the applicable regulations among the operational functions;
- the Group Financial Department in the framework of compliance with the provisions of the Insurance Code, the AMF's rules and the monetary and financial code;
- the Group Insurance and Services Department for the approval of new products, or significant transformations of new products, to issue the expected opinions, and procedures;
- the Group Human Resources Department particularly with regard to the compensation policy;
- the Group Tax Department in the framework of deployment of the regulations relating to the Automatic Exchange of Information (AEOI) in its US component "FATCA" (Foreign Account Tax Compliance Act), its European component "DAC" (Directive for Administrative Cooperation) and its OECD component "CRS" (Common Reporting Standard);
- the External Communication Department, for the protection of the Groupama group's image and reputation;
- the International Department, for the systematic establishment of the Compliance Verification Function in each international subsidiary, in correspondence with the local laws and regulations.

Each Department is owner of the non-compliance risk of its field.

Each year, the Group's Compliance function conducts an assessment of the Group's major risks related to compliance during which the Departments that are "owners" of the risks must assess the major risks to which they are exposed. On the basis on this assessment, an annual plan is developed at the end of each year for the following year.

The Group Compliance function regularly reports on major compliance issues to the Audit and Risk Management Committee, which informs the Board of Directors (if necessary). Such issues particularly pertain to the main regulatory developments with implications for compliance, the results of the compliance risk assessment, and any other important issues that should be reported to Management.

In 2015, the Groupama Assurances Mutuelles Board of Directors approved the Group Compliance Policy aiming to ensure the group's compliance with all legislative or regulatory texts as well as the standards enacted by the supervisory authorities and the professional practices to which the Group is subject as part of its various activities.

This policy presents the organisation that the Group has put in place to achieve this objective and the organising framework of the system for managing non-compliance risks, *i.e.*:

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

The Group Compliance policy applies to all companies of the Groupama group both in France and internationally, respecting the rules of proportionality as provided for in Directive 2009/138/EC, regardless of whether they are subject to Solvency 2 or to any equivalent legislation/regulation.

In 2016, each of them:

- appointed a person in charge of the key function of "Compliance Verification", whose name was reported to the ACPR;
- drafted its own Compliance policy on the basis of the Group Compliance policy by adapting it in keeping with the principle of proportionality;
- implemented the drafted Compliance policy.

The Group Compliance Policy was revised in 2017 in the light of major regulatory developments at the European and national levels:

- the Insurance Distribution Directive (IDD);
- the PRIIPs Regulation;
- the fourth Directive on the fight against money laundering and the financing of terrorism;
- the European General Data Protection Regulation (GDPR);
- the law on the duty of due diligence of parent companies;
- Sapin 2 law (on modernisation of economic life).

In 2018, details were provided on the ethics framework within each Group company based on the changes in the Internal Regulations to which the ethics charter and the code of conduct are now appended. The Policy also incorporates the roles and responsibilities of the Key Compliance Verification Function and the main players at the Group and corporate levels in the handling of ethics alerts.

3.5 RELATED-PARTY TRANSACTIONS

Related-party transactions are presented in Note 44 on related-party transactions to the consolidated accounts for fiscal year 2018, audited by the statutory auditors.

3.6 MAJOR CONTRACTS

Over the past two years, other than during the normal course of business, Groupama Assurances Mutuelles and its subsidiaries have not entered into any major agreements with third parties that would confer a major obligation or commitment on the entire Group consisting of Groupama Assurances Mutuelles and its subsidiaries.

On the other hand, major agreements bind Groupama Assurances Mutuelles, its subsidiaries and the regional Groupama mutuals in the context of their business relations. These agreements are described in section 2 of Note 44 of the consolidated accounts.

3.7 FEES OF THE STATUTORY AUDITORS

The fees of the statutory auditors for fiscal year 2018 break down as follows:

(In thousandsof eurosexcl. taxes)	**Pricewaterhouse Coopers Audit**		**Mazars**		**Others**		**Total**
1. Legal audits							
1.1 Statutory auditing, certification, examination of individual and consolidated financial statements	**1,970.4**	***51.0%***	**1,755.5**	***45.4%***	**136.7**	***3.5%***	**3,862.6**
Groupama Assurances Mutuelles	523.8	50.0%	523.8	50.0%	0.0	0.0%	1,047.6
French subsidiaries	1,148.3	53.7%	868.9	40.6%	121.0	5.7%	2,138.2
International subsidiaries	298.3	44.1%	362.8	53.6%	15.7	2.3%	676.8
1.2. Other due diligence tasks and services directly related to statutory auditing	***853.4***	**71.0%**	***335.5***	***27.9%***	***13.4***	**1.1%**	**1,202.3**
Groupama Assurances Mutuelles	416.4	65.0%	224.5	35.0%	0.0	0.0%	640.9
Other subsidiaries	437.0	77.8%	111.0	19.8%	13.4	2.4%	561.4
Subtotal consolidated financial statements	**2,823.8**	**55.8%**	**2 091.0**	**41.3%**	**150.1**	**3.0%**	**5,064.9**
Other services renderedby the networks to fully consolidated subsidiaries	**9.3**	**100.0%**	**0.0**	**0.0%**	**0.0**	**0.0%**	**9.3**
TOTAL CONSOLIDATED FINANCIAL STATEMENTS	**2,833.1**	**55.8%**	**2 091.0**	**41.2%**	**150.1**	**3.0%**	**5,074.1**

In 2018, like in 2017, the statutory auditors also performed a number of tasks that are directly related to the statutory auditing service but do not directly fall under the scope of legal audit tasks. The scope of these tasks and their implementation procedure fall within the charter governing the role and duties of statutory auditors within the Group.

These tasks represented an overall budget of 1,202.3 thousands of euros in 2018. In France, they are related primarily to due diligence related to the review of societal and environmental information and S2 regulatory reporting. Internationally, services concerned additional work provided for by local legislations.

3.8 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of the statutory auditors' special report on related-party agreements and commitments issued in French, and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Year ended 31 December 2018)

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

Mazars
Tour Exaltis
61, rue Henri Régnault
92400 Courbevoie

Dear Members,

In our capacity as statutory auditors of the annual financial statements of the Caisse Nationale de Réassurance Mutuelle Agricole Groupama, we hereby present our report on regulated agreements and commitments.

It is our responsibility to communicate to you, based on information that has been given to us, the characteristics and the essential terms, of the agreements and commitments brought to our attention or discovered in connection with our mission, without needing to rule on their usefulness and their legitimacy or research the existence of other agreements and commitments.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements.

(a) Agreements and commitments subject to the approval of the General Meeting

Agreements and commitments authorised during the past fiscal year

Pursuant to Article R. 322-57 of the French Insurance Code, we were informed of the following agreements and commitments authorised by your Board of Directors.

AGREEMENT FOR A SECURITY AND SOLIDARITY SYSTEM

On 15 March 2018, the Board of Directors approved, successively regional mutual by regional mutual, the amendments made to the agreement on security and solidarity plans after the transformation of Groupama SA into Caisse Nationale de Réassurance Mutuelle Agricole Groupamain order to:

- formally revise the provisions of this agreement mentioning Groupama SA with provisions mentioning Groupama Assurances Mutuelles;
- replace the provision relating to Groupama SA's financial support by the regional mutuals providing support in the form of a subscription to a capital increase with a subscription to an issue of mutual certificates.

Directors concerned: Ms Aravecchia, Mr Baylet, Ms Brossat, Mr Collay, Mr Cornut-Chauvinc, Mr Dagès, Ms Dubost, Mr L'Hostis, Mr Pivard, Mr Poupart, Mr Schmitt.

FINANCING OF MAJOR GROUP PROGRAMMES

As part of the financing of the major programmes for 2019, the Board of Directors, on 13 December 2018, authorised the allocation of grants to the regional mutuals in order to support the development of the banking business (Orange Bank) for a maximum amount of €4.5 million net of corporate income tax (at constant tax rate) and to share in the cost of issuing mutual certificates in 2019 for €25 million.

Each of these grants was successively authorised by the Board of Directors without the Chairman of the fund concerned by the allocation of a grant participating in the vote.

Directors concerned: Mr Baylet, Mr Collay, Mr Constant, Mr Dagès, Ms Dubost, Mr L'Hostis, Mr Pivard, Mr Poupart, Mr Schmitt.

SUBSIDY AND DEBT WRITE-OFF FOR GAN ASSURANCES

On 13 December 2018, the Board of Directors authorised, with respect to the financing of iDéogan expenses for fiscal year 2018:

- the payment of an annual subsidy of up to €12 million gross to Gan Assurances;
- a €0.7 million debt write-off.

Director concerned: Mr Pivard.

Neuilly-sur-Seine and Courbevoie, 23 April 2019

The statutory auditors

PricewaterhouseCoopers Audit	Mazars	
Christine Billy	Nicolas Dusson	Pascal Parant

4

CORPORATE SOCIAL RESPONSIBILITY (CSR)

4.1 GROUPAMA CSR POLICY

Throughout its history, Groupama's values of proximity, engagement, performance, and solidarity have driven its pursuit of customer satisfaction and its response to economic, social, and environmental expectations, as indicated by our purpose expressed in 2018: We are here to allow as many people as possible build their lives confidently. To do this, we rely on humane, caring, responsible communities.

Rooted in the territories, the Groupama group is attentive to its environment and has a long-term vision for its actions.

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

The Group has adopted a CSR plan for 2016-2018. Its objective is to mobilise the entire Group around CSR with high added value to serve the Group's strategic challenges. The plan was constructed through a collaborative approach, involving the coordinators and departments of the companies, with the ambition of further rooting CSR in the Group's everyday activities. The 2018 review confirms the Group's progress in CSR.

The CSR strategy is based on four commitment priorities:

› **Implementing extensive responsibility as an employer**

For a number of years, beyond the quality social status (social protection, employee savings, etc.), Groupama has made many commitments as a responsible employer in line with the social issues of CSR, such as professional equality, non-discrimination and promotion of diversity, employment of workers with disabilities and quality of life at work, while at the same time increasing employees' commitment levels. This momentum continues at the Group level and within the companies, strengthening the recruitment of new profiles and the employability and adaptability of employees, in a content of strong development of digital. The biannual Group Opinion Survey assesses changes in the level of employee engagement (76% in 2018, +3 points compared with 2016, with a remarkable participation rate of 78%).

› **Acting as a responsible, long-term partner of our customers and members**

As a pioneering group with strong brands, Groupama develops insurance and financial products and services that respond to society's major issues, such as mobility, support for entrepreneurship, risks related to digital, incentives for responsible behaviour, management of sustainable social protection (retirement, health), problems related to the ageing of the population (assistance, long-term care) and asset management incorporating environmental (including the climate), social, and governance criteria (ESG). Today, Groupama is committed to going further in the integration of societal factors into the design of its offerings by using innovation. In addition to offerings, the goal is to continue to develop a responsible relationship based on long-term advice, transparency, accessibility, services and a complete prevention policy – safety of property and people, healthcare, prevention of weather risks, etc. – and deployed as local actions, meeting our customers where they are, whether they are private customers, professionals (including in agriculture), companies, or local authorities.

› **Strengthening our contribution to the development of the territories and the progress of community organisations and associations**

Proximity is at the heart of Groupama's operations, through its decentralised organisation and its businesses firmly established in the regions. They enable an ongoing dialogue between elected representatives, members and customers, employees and stakeholders. Beyond the local prevention actions, the Group's companies are fully committed, particularly through partnerships, to support for the development of economic initiative in the territories and to very many solidarity actions.

For nearly 20 years, Groupama has thus contributed, in conjunction the Groupama Health Foundation, to the fight against rare diseases (research support, information about rare diseases and support for patients). This is one of Groupama's three public health priorities, along with the fight against cancer and Alzheimer's disease. Since its creation, the Foundation has supported more than 30 researchers and hundreds of projects and associations. In collaboration with the regional mutuals, we are highlighting our support for research – including medico-social research – and further mobilising our elected representatives and employees around this commitment. A Rare Disease Research Prize, worth €500K, was launched in 2017. A social innovation prize is awarded each year.

› **Acting for the environment**

We have initiated actions to emphasise the reduction of our environmental footprint. We are thus continuing our efforts and decreasing our CO_2 (-7% between 2013 and 2018) through energy efficiency and economical use of resources (energy and paper consumption, travel, etc.). Groupama is fully aware of its responsibility in terms of indirect impacts and, as such, has developed actions over several years supporting the eco-responsibility of its customers and suppliers, *via* its innovative insurance and financial offerings (behavioural pricing, renewable energies insurance, SRI products, etc.), prevention and awareness actions, and its procurement contracts. The same is true for the investment policy for limiting climate change and the development of our forest assets, which represents a carbon sink of more than 10 million tonnes.

4.2 GROUPAMA'S 2018 EXTRA-FINANCIAL PERFORMANCE REVIEW

This part corresponds to section 8 of the management report of the combined financial statements for fiscal year 2018, audited by the statutory auditors.

The social, societal, and environmental information published in this review [1] covers all entities within the scope of the combined financial statements, namely the regional mutuals, subsidiaries, and national entities. This approach provides a significant overall assessment of the Groupama group's progress in CSR (Corporate Social Responsibility) in terms of taking into account CSR issues and risks, the implemented actions, and their results. As summary of the elements of the Group's CSR strategy are presented in section 4.1. above.

4.2.1 CSR, AT THE HEART OF OUR BUSINESS LINES (PROTECTING PEOPLE AND PROPERTY) AND OUR WAY TO CARRY THEM OUT (OUR MUTUALIST MODEL)

4.2.1.1 A responsible dynamic since our Group began

Groupama's sustainable development policy is rooted in its very identity as a mutual insurer originating in agriculture. The Group was created by farmers for their own needs and has been passed on from generation to generation for over 100 years.

It was therefore constructed by its members for its members. Thanks to this background and the responsibility of its elected representatives and employees, Groupama is fundamentally a partnership that has always placed made people its core focus, with the commitment to support and meet the lifelong protection needs of people and property in a constantly changing world.

Integrating the issues of sustainable development into its business activities and its relations with stakeholders is part of our daily commitment to responsible business. It is fully integrated into the insurance business – providing solutions in particular to the challenges of today's society, such as demographic transition and accessibility of insurance, climate change and energy transition, and the digital revolution – but also beyond the core business by supporting civil society initiatives, helping to reduce vulnerability, and contributing to economic development. For all these reasons, Groupama is historically and intrinsically a socially responsible player.

4.2.1.2 Our values and purpose

Our DNA of mutual principles and our way of carrying out our professions are based on values that correspond to the societal expectations of our time: proximity, responsibility, engagement, performance, and solidarity. We apply these values on a daily basis to serve our ongoing central purpose stated in 2018: We are here to allow as many people as possible build their lives confidently. To do this, we rely on humane, caring, responsible communities.

This long-term purpose is shared with our elected representatives and employees, fuelling a collective dynamic that unites and motivates us.

Groupama thus has an inclusive model, with a desire to build and take action to provide all responsible players with efficient, sustainable solutions in keeping with the original spirit of the mutual founded by entrepreneurial farmers. It requires civic mobilisation around the drive to take action to address risks and create confidence.

4.2.1.3 Our ambition

Our values and purpose provide the general framework for our action. The Group has two major strategies to mobilise its energy and resources and to ensure the sustainability of our role as a responsible financial player: to cultivate our pioneering spirit, in particular to continue to innovate to allow our members and customers to build their lives confidently and to bolster our effective, sustainable mutualist model based on our values.

CSR fully contributes to these strategies by reinforcing the commitment of our employees, by stimulating innovation and drivers of growth (responsible products and services, new markets, etc.), by reducing costs (logistics optimisation, recycling, reduction of consumables, etc.) and by strengthening the image and quality of the relationship with external and internal audiences, particularly in the regions. In addition, CSR makes a group-wide contribution to risk control in the Company's major areas of business (commercial, HR management, communication, etc.).

All these factors are reflected in the Group's strategic and operational plans, namely the five major projects identified in our Vision project: maintaining customer proximity, strengthening our distribution capacity, making Groupama even more of a brand of reference, optimising the effectiveness of our industrial model by adapting more quickly, and mobilising the Group's players even more on performance to serve our customers.

(1) A performance review voluntarily developed based on the "extra-financial performance declaration" model established by the order on the publication of non-financial information and its implementing decree in July and August 2017 respectively.

In the shorter term, five podiums have been launched for progress by 2020, which are also directly related to our social/societal responsibility: becoming the preferred insurer for our service quality, growing strong by capitalising on our historical strengths and in particular being France's leading insurer of the territories, strengthening our position as an agricultural expert of reference, being among the top 3 players in personal protection, and generalising economic performance to continue to ensure our sustainability.

4.2.1.4 Our business model: creating value for people and the territories

Groupama's business model creates long-term value for its stakeholders: customers/members, employees, and territories.

Groupama is one of the leading insurance companies in France and is present in a dozen countries. Its societal utility naturally lies in the nature of our profession, the pillar of the activity of modern economies, but it is much more than that because it is a player in social life even beyond its business line by creating links between people and communities.

Networking – human, physical, organisational – is a major strength: geographic proximity is one of the major features of our model.

Groupama is the only insurer in France with a decentralised territorial structure based in particular on local mutuals grouping members.

Relationships of sharing between members, elected representatives, customers, and employees contribute to the differentiation and power of our model: the ability to combine operational and "emotional" knowledge allows Groupama to provide responses optimally tailored to policyholders' needs, going beyond just policies.

The model is geared towards innovation to allow our members and customers to build their lives confidently and towards strengthening our mutualist model.

(a) Our value chain

As a performance generator, the value chain is traditionally that of an insurance company: identifying and assessing risks, developing appropriate products and services for our members and customers, financing the local economy through investments or the payment of compensation (therefore promoting employment), engaging with policyholders (paying benefits to ensure continued operation), and developing a culture of resilience and prevention.

This chain is driven by our values and purpose and our way of operating, working together to allow Groupama to stand out even more.

(b) Our resources

Human resources: this is our primary asset, with 32,000 employees and 34,500 elected representatives (members elected by their peers). Backed by their expertise, such as the development of actuarial models, their know-how (120 different business lines), and their actions in the field, our women and men are drivers of added value.

Companies and networks using a "phygital" approach in the territories: Three commercial brands (Groupama, Gan, Amaguiz) used by 40 companies (regional mutuals, Groupama Assurances Mutuelles, French and international subsidiaries); a physical and digital ("phygital") customer relationship: nearly 3,000 Groupama and Gan physical branches in France coupled with networks, offering a relationship based on what the member or customer wants.

The sales and management teams are present throughout the country. The Group has chosen to maintain the call centres in France, and the decision-making centres remain regional.

Financial resources: €14.3 billion in revenue [1]; €8.9 billion in equity [2], and €541 million in mutual certificates [3]; €96.8 billion in the balance sheet[3] (including 85.2 billion in investments [4]).

(c) Our mutualist organisation

This is at the heart of what makes our model special.

Three levels of mutualisation: 2,900 local mutuals, 9 metropolitan regional mutuals, 2 specialised mutuals, 2 overseas mutuals, and the central level, which was "remutualised" into a national reinsurance mutual on 7 June 2018; all these levels reinsure each other, according to general Internal Reinsurance Regulations; the national level enters into contracts for external reinsurance for all the Group entities.

Groupama is the only insurance group in France based on local mutuals and autonomous, responsible, and solidarity-based regional companies.

The members elect Directors from among them, who are present at all levels of the organisation. In collaboration with the employees and in addition to their duties as Directors, the elected representatives have an advisory role, particularly in prevention, listening to needs, recommending, and supporting in the event of a claim (including the direct settlement of compensation).

(d) Our business lines/offerings

Groupama is a general insurance mutual, offering a complete range of insurance: property and casualty insurance (motor, housing, agriculture, professionals, businesses, communities, associations), personal insurance (health, protection, life, savings, and retirement), and services (related to the protection of people and property and banking services). We offer complete cover at accessible prices. We are considerate in managing claims.

(1) Revenue at 31/12/2018.
(2) Equity at 31/12/2018.
(3) Idem 31/12.
(4) Including property and UL.

(e) Our value creation

Groupama is a profitable group, with net income for 2018 of €450 million and an operating income of €298 million and a combined ratio of 99.3%. The Group knows how to produce lasting results and is appreciated as such by investors and reinsurers. The Group has a financial rating of A, and its profitability is the guarantee of the Group's sustainable development. The Group's solvency ratio is 297%.

The Group pays a territorial economic contribution of €43.7 million.

During its development, it has created a diversified portfolio – originally agricultural – of 6.5 million members and customers in France and 5.5 million international customers, for a total of 12 million, to whom we provide solutions to meet their needs.

Groupama is a leader in key markets (in France, number 1 agricultural and local authority insurer, number 1 individual health insurer, number 2 in home insurance, number 3 in protection insurance, and number 4 in motor insurance), which gives it legitimacy in seeking solutions to collective needs associated with major societal changes. Groupama is one of the major players in Turkey, China, Hungary, and Romania.

In 2018, €11 billion was paid in benefits, allowing policyholders to continue their business or maintain their standard of living.

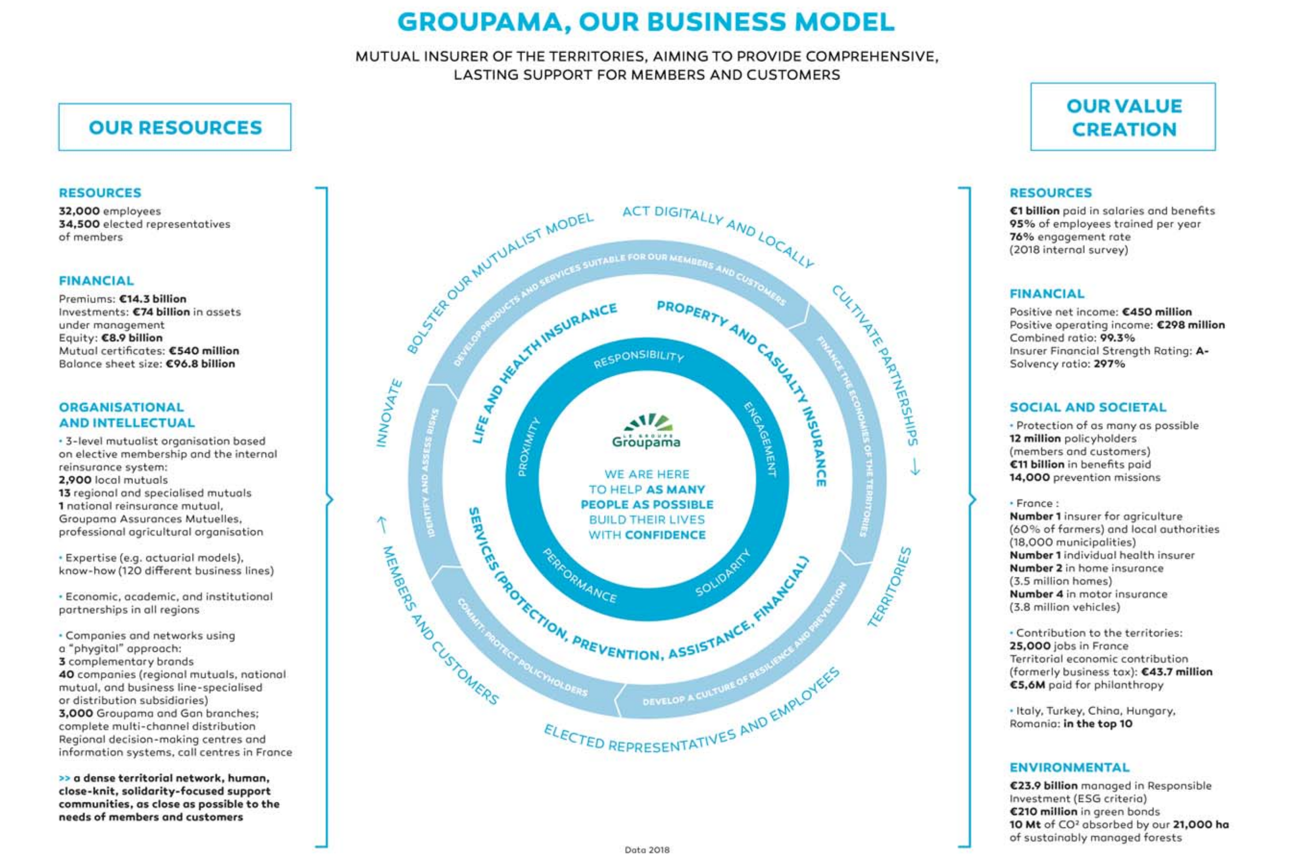
Nearly 14,000 prevention missions are carried out each year, and €5.6 million is donated to philanthropic causes.

A large employer in the territories (25,000 in France 7,000 internationally): €1 billion in wages have been paid to employees, and more than 90% are trained each year.

Employees with a high level of engagement, measured by the Group opinion survey, at 76% (1) in 2018 (+3 points compared with 2016), a reflection of their support, involvement, and loyalty.

An investor that finances economic development, including €24 billion invested according to ESG criteria by (2) Groupama Asset Management.

A satisfactory environmental balance sheet: in its operations, the Group has reduced its CO_2 emissions by 7.1% since 2013; volume of CO_2 stored by Groupama forests: 10 million tonnes in 2018 and 39,658 tonnes of emissions avoided through the use of sold wood. At the end of 2018, the Group confirmed its policy of withdrawing from "coal" industries and fossil fuels and intends to make €1 billion in new investments over three years in financing the energy transition.



(1) Measured by the biannual Group Opinion Survey.
(2) Environmental, social, and governance criteria.

4.2.2 OUR OPPORTUNITY-CREATING CSR STRATEGY: RESPONDING TO CSR ISSUES AND RISKS FOR THE BENEFIT OF EMPLOYEES, MEMBERS, CUSTOMERS, AND ALL STAKEHOLDERS

4.2.2.1 Governance and CSR strategy

The CSR team within the CSR and Internal Communication Department, attached to the Group HRD, drives and coordinates the CSR policy in the Group. It reports on the progress of the CSR strategy to the Group Ethics Committee, which includes the Group's executive management and the CEOs of the regional mutuals. In particular, it leads a network of 50 correspondents from all the Group's entities (regional mutuals, Groupama Assurances Mutuelles, French and international subsidiaries, and the IT and logistics EIG Groupama Supports & Services), which participate in the development of action plans and exchange on their best practices.

CSR management reflects the integration of sustainable development into the business strategy. 2018 was the third year of the Group's second three-year CSR action plan (2016-2018), a master plan that defines areas for improvement in which the Group's companies are active. The objective of this strategy is to mobilise the entire Group around CSR with high added value to serve the group's strategic challenges. The plan was constructed thanks to a collaborative approach, involving the CSR coordinators and departments of the companies, with the goal of further rooting CSR in everyday life.

The preparatory work for the 2019-2021 plan was started in the 2nd half of 2018 by consulting the stakeholders.

4.2.2.2 Group Ethics Committee activity in 2018

At the Group level, the Ethics Committee oversees the CSR strategy and directs the goals to be achieved. In 2018, the meeting on 14 March was devoted to the presentation of the review of 2017 actions, and the meeting on 14 November allowed the following points to be addressed and/or validated according to the subjects:

- information on the deployment of the new Group ethics system (ethics charter, code of conduct, ethics alert);
- information on CSR Reporting for fiscal year 2018 (the future extra-financial performance declaration, DPEF);
- presentation of the summary of the results of the IMAGIN'RSE campaign, a participatory platform where employees were able to express their desired future CSR actions in autumn 2018 (2,500 completed questionnaires; 5,300 proposed ideas);
- presentation of a preliminary draft of the Group CSR Strategy for 2019-2021 to be finalised for spring 2019; and
- information on the investment policy: presentation for validation of a five-action programme for stronger integration of ESG (Environment, Social, Governance) criteria, particularly with regard to investments in the energy transition and the fight against climate change.

4.2.2.3 Better risk management through CSR

The new CSR reporting regulations, which take effect in 2019, have prompted us to formally identify, analyse, and assess CSR risks. The Group's goal for this year is to enrich its risk management classification – insurance, financial, operational, and reputational risks – with a 4th category, CSR risks.

Building on the local work on the subject, in particular the work of the FFA (French insurance federation), a working group led by the Group's CSR team began work in close collaboration with the Risk Department in summer 2018.

The approach to the work started in 2018 and continuing in 2019 is as follows: classify and express "CSR risks" (for which there is no official standard list) in the social, societal, and environmental areas and simultaneously create a grid for assessing these risks, based on the COSO method in particular [(1)]. This list of risks and the assessment methodology will then be sent to the Group's business line departments for an initial rating. Lastly, the return of this rating will make it possible to choose from among the CSR risks the "priority" or "significant" risks to be presented and validated in the Group Ethics Committee.

The main risks related to the Company's business will be presented in the future DPEFs.

In addition to the CSR team and the Risk Department, the multidisciplinary group mentioned above is currently made up of representatives of the Human Resources, Insurance and Services, and Reinsurance Departments, also seeking the opinions of the Legal and Communication Departments.

Note: Risks of corruption and tax evasion are managed by the Group Compliance system. Given the nature of our business activities, risks related to animal protection and responsible, fair, sustainable food will not be included in the list of CSR risks.

4.2.2.4 The CSR strategy in action

The following information was presented according to the four focuses of the Group's CSR strategy:

- implementing extended responsibility as an employer by developing in particular the diversity, employability, quality of life at work of its employees;
- acting as a responsible, long-term partner of our members and customers, through advice, prevention, and innovating offerings adapted to societal changes;
- contributing to the development of the territories and the progress of civil society through our mutualist model, partnerships, and philanthropy;
- acting for the environment by reducing the direct and indirect ecological footprint.

(1) Enterprise risk management to environmental, social and governance-related risks, COSO, October 2018.

4.2.2.5 Implementing extensive responsibility as an employer

Aware of its responsibility as a major employer in the private sector, with a strong presence in the regions, the Group conducts social policies and many significant actions on the various HR aspects of CSR.

Being part of today's society (which requires diversified recruitment), the suitability of employee skills in a rapidly changing world, career development, quality of management, "working well together", and maintaining a high social status are the major CSR challenges in the field of human resources.

In order to better anticipate developments, the Group supports the HR functions in understanding these issues and the means that could be deployed, particularly through digital.

The actions of the Group and the companies are carried out in keeping with a series of commitments. The Group has thus signed the following commitments:

› Across its entire scope of activity, in France and internationally

- in 2007, the UN Global Compact containing ten fundamental principles, in particular on the defence of human rights and the fight against corruption;
- in 2013, a joint declaration on quality of life at work at the European level, renewed in 2018 to take account of the impacts of digital technology.

› For its activities in France

- in 2007, the diversity charter developed by the Montaigne Institute and several large companies;
- in 2010, the Parenthood charter of the Ministry of Labour, Social Relations, Family and Solidarity;
- in 2015, the Business & Neighbourhoods charter produced by France's Ministère de la Ville.

The Group has signed a series of very comprehensive framework agreements with the social partners: a Group agreement on diversity and equal opportunities in 2008 (expanded in 2011 and 2015), a Group agreement on quality of life at work in 2011 (expanded in 2014 and 2017), a Group agreement on professional training in 2016, and an agreement on support for elective and trade union pathways in 2018.

› Significant events

- 2018 edition of the Group Opinion Survey, which highlights the strong commitment of Group employees (rate of 76%; 78% of employees having participated in the Group Opinion Survey);
- increased number of formats for employee expression, for example through participation in platforms or labs, and collaborative events;
- deployment of the new employer brand, which entered its second phase in 2018 (highlighting the personalities of our true employees);
- overhauled integration processes, with digital tools, challenges, welcome days, etc.;
- digital innovations in training, such as the new mobile, agile, digital version of Mon Université;
- continued deployment of telecommuting, which was initiated in 2017;
- continued efforts to promote sharing, including with Directors;
- an updated Group ethics system, with an overhauled ethics charter, a separate code of conduct, and a new ethics whistleblowing right for employees.

(a) Employment

The total workforce [(1)] (29,100: 62% women and 38% men) decreased slightly in 2018 as it did 2017 (-177 compared with 2017, restated for the divestment of Groupama Seguros, or -0.5% in actual figures). Some of the Group's companies continue to implement a decrease in recruitment and non-replacement of departures, focusing on internal career paths and continuous improvement of skills.

The international workforce represents 17% of the total number of employees.

Overall, the total number of recruitments increased to 4,626 (+387) across all types of contracts excluding mobility, transfers, seasonal fixed-term employees, and work/study participants. In 2018, 2,625 permanent employees joined the Group (an increase of 14.1% compared with 2017). There were 2,934 departures by employees on a permanent contract (including redundancies).

The average annual compensation in France increased to €38,809 in 2018 (€29,615 for non-executives; €52,703 for executives). Budgeted amounts are specifically dedicated to the reduction of gender-based pay gaps in the Company.

(b) Diversity

As socially responsible employer, the Group and the companies conduct a very active policy of actions to promote diversity and prevention against discrimination.

Since 2013, it has accompanied its commitment as a responsible employer with quantified three-year objectives, updated for 2016-2018 (on the Group scope only), in the areas of gender parity, employment of workers with disabilities, and work/study training. Updates on 2018 goals:

Gender parity and proportion of women among executives and senior executives (Goals on the Group scope)

3-YEAR TARGET: 48% FEMALE EXECUTIVES IN 2018

The percentage of female executives continues to progress in France (47.9% in 2018 compared with 47.6% in 2017), but dropped very slightly worldwide (42.3% in 2018 compared with 42.6% in 2017), or 47.4% worldwide (France and international).

3-YEAR TARGET: 25% FEMALE EXECUTIVES IN THE GROUP OVERALL IN 2018

Regarding the number of female executives: an increase internationally (35.5% in 2018 versus 29.3% in 2017) and in France (22.5% in 2018 versus 21.5% in 2017), meaning 24.8% overall (France and international).

Pursuant to the aforementioned agreement from 2008, the Group reaffirms its ambition to achieve a balanced representation of women and men.

(1) Workforce of the combined scope strictly speaking, therefore excluding CIGAC, Cofintex 6, Présence Verte, SDGAC, Centres Centaure, CapsAuto, SPSE, SPARA, Vietnam, China – Group workforce: 29,555 employees.

4

Two years ago, Groupama launched a pilot mentoring programme for women. Goal: better individual and collective performance, thanks to an approach promoting cross-functionality and collaboration. The commitment and the influence shown by this community of women are a true force in enabling our Group to succeed in its transformation and to meet the challenges facing it. Initiated in 2016 by the Group HR Department and renewed since then, the "Mentoring by Groupama" programme brings together 50 women: 25 volunteer mentors – from Groupama Assurances Mutuelles and subsidiaries – and 25 mentees selected by the Human Resources Department for their professional qualities and motivation.

Note that Groupama Assicurazioni (the Group's first international subsidiary) is a member of *Valore D*, the first association of large Italian companies to support women's diversity, talent, and leadership.

The Group and its companies are continuing actions to promote the inclusion of more women among our talent and their career development: systematic integration of the gender parity aspect in succession plans and lists of candidates for seminars, training, etc.

Employment of individuals with disabilities (Target for the France scope)

3-YEAR TARGET: 100 NEW EMPLOYEES WITH DISABILITIES PER YEAR IN THE WORKFORCE

965 on permanent contracts (out of a total of 995 contracts) versus 946 in 2017, representing a 2% increase in 2018. Employees with disabilities on permanent contracts in France represented 4.3% of the total workforce in 2018. In 2011, the Group rate in France was 2.9%. This progress is the direct result of actions that were implemented following agreements on Group level and in all of the companies.

The pace of recruitment across all contract types decreased to 56 recruitments in 2018 (in France), but the number of employees on a permanent contract increased from 24 in 2017 to 25 in 2018.

The amount of the contribution to the AGEFIPH will be available at the end of March.

In order to realise its commitments on inclusion and retention of employment of employees with disabilities, the Group:

- regularly communicates about disabilities internally with all employees through items posted online on the Kiosque (articles, interviews, brochures, films, etc.) and externally (through guides, directories, press articles, participation in conferences, exhibitions and forums, intended for professionals or the general public);
- annually renews its partnership with ADAPT, the association behind the week for employment of persons with disabilities (SEPH), in which the Group has participated for several years;
- continues its partnership with the Agefiph for the purpose of promoting professional inclusion of people with disabilities within the companies.

It should be noted in each of the last three years, employees of the Group's companies and their company take part in the Special Olympics, which raise funds to fund actions supporting disabled people through sport.

Employment of young people [number of work/study participants (Target for the France scope)] and seniors

PROPOSED 3-YEAR TARGET: MAINTAIN A RATE OF CONVERSION OF WORK/STUDY PARTICIPANTS TO A PERMANENT CONTRACT OF 10% UNTIL 2018

842 work/study participants as of 31 December 2018. The employment rate rose from 2.9% in 2017 to 3.5% in 2018 (slightly below the insurance industry's average of 3.4%). The required rate of work/study participants is 5% in France. The rate of conversion of work/study participants to a permanent contract was 26% in 2018 [(1)] (31% in 2017).

Note: The age distribution of the Group's overall workforce (France and international) is stable, with almost 13.4% under age 30 and 31.4% over age 50. The proportion of employees over 50 decreased very slightly compared with 2017 (-0.2 pt).

Measures to promote the recruitment and career development of young people

The new employer brand was launched in 2017 and continued in 2018, highlighting our values of proximity, professionalism, and ethics. Our customers inspire us to always look for the best employees. The message of the brand: "Being anchored in the reality of our customers and committed to them, whatever their profession, is what is means to be a *true Groupama employee*." The employees promote our Group's values of proximity, professionalism, and ethics. They work each day to meet their expectations.

By giving a voice to *real* customers, Groupama focuses on the identity and mutual values of the Group and responds to the issues of brand awareness and attractiveness and corporate recruitment.

The Group and its companies contribute to economic activity by supporting employment in the regions. To this end, in 2018, the Group organised "Jobmeetings" for the seventh consecutive year in a dozen major French cities. This friendly recruitment event, organised "in after-work mode", is an opportunity for candidates to meet operations staff, discover the diversity of professions, brands, and job opportunities.

In addition, to find new profiles and future potential, especially sales representatives, Groupama organises recruitment sessions in the form of escape games. More interactive than the CV, the solving of puzzles was an opportunity to assess cooperation, teamwork, initiative-taking, and communication skills of candidates.

In order to be in line with our society, the Group's companies are increasing the number the new ways of recruiting, with strong positioning on social networks, development of co-opting, the organisation of challenges (*e.g.* "Le Vrai Challenge", open innovation with students), etc.

It should also be noted that the Group signed onto the "Plan espoir banlieue" in 2008 and the "Charte entreprises et quartiers" in 2015 to give a change to employees from depressed urban areas.

The Group and the companies are optimising the "candidate experience", from recruitment to integration, in particular by sharing best practices.

(1) % of young people on permanent contracts compared with the total number of young people present in 2017 and coming out of work/study arrangements as of 31/12/2018: fixed-term contract, permanent contract, or left the Group.

Keeping senior workers employed

The Group's companies continued their commitments with regard to keeping seniors employed by taking the following actions:

- anticipate professional developments in relation to the management of ages by maintaining an equivalent number of seniors: designation of liaisons/mentors among senior employees;
- organise intergenerational cooperation: implementation of reverse mentoring in certain companies of the Group;
- develop skills and qualifications of seniors: training, second part of career interview;
- set up end-of-career strategies and transition between working and retirement: retirement preparation training.

The purpose of these commitments is to motivate employees throughout their professional life, be clear on the Company's key skills, and improve their working conditions.

In a context of longer working lives, the Group encourages motivation in the second part of its employees' careers and promotes a non-discriminatory age management policy.

An e-learning module on the theme of "non-discrimination training" (relating to the fight against discrimination in hiring) was launched at the end of 2018. On this subject, the companies have also developed training actions complementing these actions or adapted to their specific needs.

(c) Employability and "working well together"

Employability over time is at the Heart of responsible HR management in order to prepare employees for the challenges of tomorrow and to foster their adaptability. In particular, it involves training as well as other forms of action, such as staffing missions, to allow employees to gain skills and abilities that are useful for their career development and for the Company. The perception of employability also contributes to well-being at work.

The final training data for 2018 will be available in May, after the data have been collected and fully consolidated, which will allow a market benchmark to be set. The initial estimates show the following trends: the number of trained employees is increasing (+5.8% in France, *i.e.* 93.4% of employees received training, and 103.4% among international employees), and the total number of training hours in France increased by 3.1% to 779,881 (141,250 hours outside France) thanks to the development of e-learning (8.2% in e-learning according to the total number of training hours).

In addition, the training investment in France is €35.4 million [(1)] , an increase of 2.2% from the previous year, related especially to the digitisation of training (proportionally increasing the number of trained employees). In particular, the training programmes in advising, the business lines, and management have the most participants, and the training in "emerging" risks is developing, such as cyber-risks or business aspects associated with societal changes (retirement, protection).

As a reminder: Group agreement on professional training. Signed in 2016, this agreement highlights the need to promote information and career guidance through communication about the Group's training programmes and the Group's business lines, development of professional inclusion and re-inclusion programmes, areas for professionalisation of employees, and the associated tools.

The training policy is implemented by each company independently in order to take into account its specific circumstances (company project, activities, business lines, age pyramid, etc.). Based on this finding, the Group provides the companies with a community training catalogue, produced based on the needs expressed by the companies, particularly through the network of Training Managers, who meet two to three times per year.

Overall, the training offer is geared towards developing operational excellence, strengthening collective dynamics, and agility. It is increasingly evolving towards a service-focused approach. Already in 2016, the Group's training Department had selected 55 interesting MOOCs for career paths and digital to offer them to employees.

In 2017, the Group launched a pilot of the "Mon Université" online training platform: a Learning Management System (LMS) hosting all of Groupama's training programmes, adapted to all profiles (employees, Managers, trainers, etc.).

In 2018, all of the companies in France adopted it, and a new "responsive" version was launched.

Goals of the LMS: to develop skills, facilitate the sharing of learning capital between the different companies of the Group, make practices more uniform, and support the Group's digital transformation.

Also noteworthy are all the actions around cultural adaptation to digital – through, for example, reverse mentoring, communication on the Group's digital projects – cf. roadshows by the Digital Transformation team, a dedicated Intranet site – widespread deployment of tools such as smartphones or tablets.

Digital solutions around collaborative platforms for skills exchanges are under study.

In addition, employees are invited to add contacts at startups that they have encountered to a collaborative platform, Pousse-Me Up.

With the development of digital, cyber-security training has become essential: In 2018, Groupama launched its "Everyone contributes to cyber-security" e-learning module for employees.

Working well together

A Group agreement relating to quality of life at work, applicable to all companies and employees of the Group in France, defines a common foundation for the Group's companies in order to improve the quality of life at work and, as part of this, prevent, treat, eliminate and, otherwise, reduce, beyond the actions and measures already implemented within the Group's companies, any problems related to psychosocial risks (PSR). These particularly include stress, harassment, and violence in the workplace as well as internal or external nuisances and particularly public nuisances.

(1) Data not including OPCA payments.

An assistance and psychological support programme for employees, CELA, was set up a few years ago.

The Group continued its actions to promote quality of life at work, in particular through communications on good practices and training to make better use of ICT or workstation ergonomics to prevent musculoskeletal problems.

For example, the Group's companies have set up email usage charters with numerous tips for employees. The goal is to reconcile the search for efficiency and good quality of the professional relationship.

In 2018, the joint declaration on quality of life at work at the European level was bolstered with the topics of consideration of transformations due to digital technology, employee support, and work/life balance.

Note that Groupama Assicurazioni (Italy), as well as the Romanian subsidiary Groupama Asigurari in 2018, obtained the international Top Employers certification. The certification process was also undertaken in 2018 for Groupama Assurances Mutuelles, which, in turn, will be certified in 2019.

PSR initiative and development of telecommuting

- In 2017, 22 companies performed an analysis, and four were in the process of doing so in 2018 (the final assessment of this aspect is compiled starting in April and presented to the social partners in September), resulting in a ratio of around 90% of the companies in France;
- Awareness actions were taken with approximately 7,000 employees and Managers on preventing psychosocial risks (PSR) through the "Everyone contributes to quality of life at work" and "Managing quality of life at work: a shared responsibility" e-learning modules.

A highlight in 2018 was the rise in telecommuting: as of 30 September 2018, 2,299 employees out of a workforce of 24,087 (Group), or 9.54%, were telecommuting, including 1,772 at the UES level and 527 at the UDSG level.

In 2018, the Committee for Quality of Life at Work met three times to discuss topics related to new working methods, using concrete examples within the Group.

The meetings of the Committee for Quality of Life at Work made it possible to discuss:

- new workspaces and the Agile method;
- the development of telecommuting in the Group;
- the annual assessment of quality of life at work in the Group.

It should also be noted that a Joint Declaration was signed at the European Works Council level, aimed at integrating change management into a period of transformation of business lines associated in particular with the rise of digital technologies.

Beyond the Quality of Life at Work Week, which is an opportunity for communication and awareness actions, actions around the message of "working well together" and employee mobilisation have grown significantly: actions promoting employee expression in various forms, through moments/places/means of togetherness or sharing on projects (joint development of projects or innovations, meetings with the CEO, express surveys, coffee corner, collaborative spaces, collaborative intranets, widespread implementation of Family Days, the "Vision" initiative, etc.).

The move to the Campus site (in Nanterre) started in autumn 2017 and continued in the first half of 2018. Particular care has been taken to welcome and comfort the employees. 2,500 employees (of Groupama Assurances Mutuelles and 7 subsidiaries) are present at the site. A total of 3,500 employees are expected to move there by 2021. This project marks the starting point of a new dynamic of collaborative work, fully taking into account the evolution of new technologies and changing work habits. The "Campus" community hosts largely company-wide activities, with events, challenges, thematic conferences, launch of a sharing platform for collective sporting or cultural moments (OuiSpoon), etc.

Concierge services are developing within the Group's companies.

HR digitisation (electronic payslip, HR EDM, etc.) makes life easier for employees.

Facilitating the intake and integration of newcomers is also key to well-being at work. The companies are developing special programmes that also include moments of togetherness or escape games. The symmetry of attentions – satisfied employees/satisfied customers – is essential in our HR approach.

Work/life balance and caregiver support

Because being a family caregiver has an impact on professional life, the Group has put in place measures to help its employees reconcile their professional and family life. The 2015 addendum (of the diversity Group agreement), which provides for support measures for employees who are caregivers, was supplemented with an information guide and a global counselling mechanism (CELA). The Group also supports National Caregiver Day.

The absenteeism rate of 7.4% in 2018 (7.2% in France) is slightly lower than in 2017 (-0.6 pt). Sick days (54.7% of absenteeism) and parental leave absences (25.5%) decreased (-8.3 pt and -9.5 pt respectively). The rate of frequency of accidents at work decreased by 0.65 pt, and the severity rate increased slightly by 0.1 pt but accounted for only 2% of work stoppages.

The aspects of road safety training are addressed in section 4.2.2.6. of this document (Prevention). Road accidents are the leading cause of occupational accidents. The companies in France and abroad offer awareness-raising activities for employees, particularly during the National Road Safety at Work Week.

(d) Employee engagement [Group strategy KPI]

The Group Opinion Survey (BOG) is an action organised every two years in collaboration with research company Ipsos. The 6th edition of the Groupama group survey took place in spring 2018. The Group Opinion Survey consists in collecting the opinion of Group employees on permanent contracts *via* an electronic questionnaire guaranteeing anonymity and complete confidentiality of responses. In 2018, 78% of them responded to the survey (+8 participation points), a very significant participation level.

Reminder of the results of the 6th edition:

- the level of commitment of the Group's employees stands at 76%, up 3 points compared with 2016;
- 71% feel that they are learning and growing;
- 84% are satisfied with the content of their work;
- 89% do not hesitate to take on responsibilities when they have the opportunity to do so;
- 79% work in good conditions;
- 77% are satisfied with their work/life balance.

The next edition of the survey is scheduled for 2020.

(e) Closer look at management/labour dialogue

In addition to the employee representative bodies within the entities making up the Group, the Groupama corporate dialogue is organised at the top level through bodies that cover various scopes: European, group in France, UDSG, and UES.

- The European Works Council (EWC) receives information in order to exchange views and engage in dialogue about transnational issues. The EWC met twice in 2018. It covers a European scope representing 29,041 employees as of 31/12/2018 (-1.45% compared with 31/12/2017), but it should be noted that the English and Portuguese subsidiaries left the Group in 2018.

  In 2018, the EWC Board, made up of seven employee representatives among the members of the EWC, met twice.
- The Group Committee (CG), a body for dialogue and thought, receives information about the activity, financial position, employment trends and forecasts and economic prospects of the Group for the coming year. It covers a scope in France representing 24,555 employees as of 31 December 2018 (-129 compared with 31 December 2017), including 8,674 employees of the consolidated scope (+141 compared with 31 December 2017).

  In 2018, this body met four times on the following main topics: news and Group projects, presentation of the 2017 financial statements, and partnerships with Orange in connection with the Orange Bank business and remote surveillance.
- The Group Corporate Dialogue Commission (CDSG), an offshoot of the Group Committee, is a body for negotiation at the Group level. Agreements negotiated and signed within this body are intended to be applied to all companies and employees of the Group in France. The CDSG's work led to the signing of an agreement on elective and trade union pathways to support the establishment of Social and Economic Committees (SEC) in the Group's companies.
- The Group Quality of Life at Work Committee (CQVT), created by the Group agreement relating to quality of life at work, a place for discussion and recommendations, continued the dialogue on quality of life at work and the actions undertaken within the Group and its companies in France.
- The Groupama Social Development Unit (UDSG) is an association governed by the French law of 1901 that groups all the companies of the agricultural mutual insurance scope (Groupama SA, regional mutuals, Groupama Supports & Services, etc.), or 2,737 employees of the consolidated scope (-52 compared with 31 December 2017).
- The Economic and Social Unit (UES) covers Groupama Assurances Mutuelles (GAM), Gan Assurances, Groupama Gan Vie, Gan Prévoyance, Gan Patrimoine and Groupama Supports & Services and represents 6,996 employees at 31 December 2018 (+77 compared with 31 December 2017).
- Assessment of collective agreements: collective agreements were entered into in 2018 involving all companies of the consolidated scope (including in the French companies).

See table below.

Topics covered by the collective agreements entered into in the Group companies (at the company, UDSG, UES, or Group level)

Management/labour dialogue and employee representation	Management/labour dialogue (SEC, right to organise, etc.)
Employment contract	Defined-purpose fixed-term contracts
Compensation and benefits	Compensation Profit-sharing incentive scheme Major protection Care costs
Employment/Training	Strategic Workforce Planning
Working conditions	Working time - Joint declaration at the European level
Diversity/Equal opportunities	Disability Generation contract

The topics of these agreements concern:

› For the Group:

- the Group agreement of February 2011 on Quality of Life at Work was supplemented by a second addendum dated 15 December 2017, which aims to incorporate provisions and measures on the right to disconnect for each employee, to ensure a balance between time devoted to professional life and private life.

  The social partners in the European Works Council supplemented the previous joint declaration (of 2012) to take better account of the digital transformation, change management, and the need to maintain a work/life balance.

› For the UDSG:

- Major insurance: amendment of 26 June 2018 on the choice of protection insurance institution.

  The amendment of 26 June 2018 extends the choice of CCPMA Prévoyance for an additional period of three years (2019, 2020, and 2021) to cover risks of temporary and permanent occupational disability, death, and funeral expenses.
- Disability: amendment of 16 July 2018 extending the 2016-2018 action plan by one year.

  The amendment of 16 July 2018 renews for a maximum of one year, until 31 December 2019, all the measures contained in the most recent three-year action plan for 2016-2018, pending full visibility on the measures that will be adopted to promote employment of people with disabilities, both by the "law for the freedom to choose one's professional future" and at the Group level, and to be able to consider their practical consequences on the next UDSG action plan.
- Trade union representation: agreement of 16 October 2018.

  The agreement of 16 October 2018 modifies the rules for determining the representativeness of UDSG trade union organisations at the national level, now with an assessment on the basis of a complete electoral cycle.

› For the UES:

The UES Central Works Council (CWC) exercises economic powers relating to the general operation of the Company and exceeding the limits of the powers of establishment heads. It is informed and/or consulted periodically on projects affecting economic or legal organisation or economic and financial projects concerning the UES.

In 2018, it examined the following points:

- the appointment by the BCAC Steering Committee of the new Health/Protection management delegate of the Insurance segment,
- 2018 Group opinion survey,
- the extension of Groupama Campus with a new "WP6" building, the review of Groupama Campus prevention plans, video surveillance, etc.,
- presentation of the Group's 2017 annual financial statements,
- information/consultations on planned staff transfers between UES establishments,
- information on the 2017 financial and economic situation of Groupama Gan Vie and its networks,
- information on the General Data Protection Regulation (GDPR) and its HR aspects,
- information on withholding tax,
- information on the new rules for calculating the social security ceiling,
- information on the electronic management of HR documents,
- information on how to monitor the activity of employees based on the number of days worked,
- information on the 2017 UES Consolidated Labour Assessment,
- presentation of the summary of the appraisal reports on the 2017 economic and financial situation of the UES entities and the appraiser's reports on the strategic guidelines of the UES entities,
- information on the deployment of the Inwebo solution,
- assessments of agreements in progress (professional equality, etc.).

The UES also includes a Central Trade Union Delegation: a body for collective negotiation at the UES level, within which compensation is negotiated and the following agreements were entered into in 2018:

- renewal of the agreement on employment, integration, training, and job retention for employees with disabilities or supporting a family member affected by disease or disability,
- a management/labour dialogue agreement allowing the Macron reforms to be implemented in all companies of the UES,
- a 2019 compensation agreement.

4.2.2.6 Acting as a responsible, long-term partner of our members and customers

Backed by its purpose, the Group develops offerings (products and services) in response to major societal issues: mobility, entrepreneurship, retirement, health, assistance, long-term care, adaptation to climate change, and the development of digital everywhere. Incorporating strong social and environmental added value into the offerings is a challenge for the future. Today, it is committed to going further in taking environmental, social and societal factors into account in constructing insurance offerings, its prevention actions and asset management as well as by adopting responsible behaviour in its relations with its customers and prospects.

During 2018, two major surveys were conducted by Groupama to capture the most relevant societal developments:

› **Retirement survey (April 2018)**

On the eve of a new reform of our pension system, aiming to unify the 37 existing plans, Groupama wanted to consult the two generations most impacted by the transformation of our model. The pivot generation (45-55 years old) and generation Y (25-35 years old) are thus marking a break with those who came before them, moving from a "deserved" retirement as the culmination of a career to a retirement that must now be "anticipated", the financing of which our institutions no longer feel they can guarantee with confidence.

57% of "pivots" do not have a plan for their retirement, and nearly 40% have a negative perception, which would perhaps explain why they have not really looked at it yet. This means that 1 in 2

French people aged 45-55 years have not prepared for retirement at all. 68% consider themselves to be poorly informed about the steps to be taken, and 72% do not have a clear vision of their future pension. Almost half of 45-55-year-olds are still confident in the pension system, and only 30% of 25-35-year-olds feel the same way, 17 points lower than the pivots. 39% of 25-35-year-olds believe that they will continue to work after age 62.

› Survey on Artificial Intelligence in customer relations (November 2018)

To better understand changes in attitudes in the digital age, Amaguiz, a Groupama subsidiary, looked at the opinions of French people. Through an OpinionWay survey, the insurer asked them about their perception of the innovations offered by the brands with regard to customer relations and, in particular, the use of artificial intelligence. While more than one in ten French people (14%) believe that this innovation is an opportunity to improve the lives of everyone, 27% believe that it will benefit a minority of people, and 26% believe that it will even have a negative impact on society. However, nearly one in two French people (47%) feels that this is the brands' way to try to make consumers more autonomous, a figure in line with the increasing demand among the French in this area. Notably, more than one in ten French people (13%) would still be willing to trust artificial intelligence more than human intelligence.

The results of these surveys are one of the valuable tools leading the Groupama group to reflect on the developments to be monitored in order to offer services that best meet the expectations of our members and customers.

› Significant events

- unveiling of the new brand campaign in which Groupama reaffirms its local roots and close relationships as levers of customer satisfaction;
- Groupama, the leading insurer of farmers, is becoming one of the main partners of La Ferme Digitale, an association of startups aiming to promote innovation and digital to serve agriculture and risk prevention;
- launching of solidarity-based home insurance in partnership with several municipalities in western France;
- Groupama, insurer of the "pivot generation": a dedicated section at www.Grand-Mercredi.com;
- opening of the Sévéane care network to osteopathy and chiropractic;
- reaffirmation of the commitment to risk prevention, especially road risks, through the Vigielent app, awarded the 2018 Road Safety Innovation Award, and a partnership with the Prévention Routière road safety association and the first award ceremony of the "Prudent City" labels.

(a) Proximity and service

As a responsible insurer, the Group is very attentive to the quality of advice and close relationships, a source of good knowledge of needs, proposals of adapted solutions, rapid payment of benefits, and mutual trust with members and customers.

Especially in the event of bad weather, such as the floods in Aude at the end of 2018, the Group's teams and elected representatives mobilise in the field. Beyond the collection of the declarations of affected members and customers, the goal of the employees and elected representatives is to express their empathy and detect situations of distress and, if necessary, rehousing problems.

Speeding up repairs and supporting people, especially facilitation, are major concerns; more and more self-care options (with apps or online claim reporting) and the platforms developed by the Group (Sévéane, CapsAuto, FMB) are available to customers for a faster service at the best cost. The same is true internationally, with the MyAngel (auto) app in Italy (an appraiser on site within 30 minutes after an accident, list of the nearest repair shops, compensation periods of just a few days). A comprehensive approach to assisting victims of bodily injury is also put in place and facilitated by the Groupama Assurances Mutuelles Bodily Injury Division.

For better customer knowledge and to further ensure the relevance of our advice, the Group is working on Artificial Intelligence.

New conversational means are being deployed to further improve the quality of the customer relationship, such as the Héloïz voice app on Google Assistant by the Amaguiz subsidiary in 2018. The Hector chatbot provides an complementary service on closing times.

Similarly, the Group and its companies prepared for the implementation of the Insurance Distribution Directive (2018). With regard to savings and retirement, a Group programme already aims to optimise advice and proximity throughout the life of a policy.

Groupama favours the global, long-term approach depending on needs.

With regard to the "pivotal generation", who often have to help both their children and their parents: In 2018, Groupama partnered with grand-mercredi.com, the first community of grandparents in France to create a Web section dedicated to their needs.

In Italy, 2018 marked the launch of a global approach My Protection, Groupama Assicurazioni's first modular insurance solution, capable of providing insurance cover, consisting of four categories of needs (life, health, home, wealth).

Relations with members and customers. Each year, 300,000 members participate in the General Meetings of our approximately 3,000 local mutuals, which gives them decision-making power within the mutual. The elected representatives/employees/members relationship is an essential asset for capturing expectations. In addition, the four Gan specialised networks have strong territorial roots in France, and the Group also has local networks abroad.

The Group and its companies are developing a multi-channel strategy to strengthen proximity. Real-time contact, face-to-face or remotely, is essential today. On the Internet, the "advice" and "customer" areas are clear and exhaustive (they contain all the policies; the health insurance customer area was overhauled), and the use of e-signatures is growing (950,000 in 2018, or 80,000 per month, compared with 45,000 per month at the end of 2017). Some of the Group's companies are developing video experiments in branches or mobile branches (Groupama Car).

(b) Groupama's customer vision as a "responsible insurer"

In 2018, Groupama now ranks as the number 2 favourite insurer of the French, and all the regional mutuals are seeing a significant increase in their rate of highly satisfied customers.

The strong mobilisation of the teams since the launch of the Improvement of Customer Satisfaction (ASC) initiative is therefore confirmed with improving results for the third consecutive year.

In 2018, Groupama's net recommendation index (NRI) was four points above the average market. 96% of our customers are satisfied or highly satisfied with their relationship with their customer advisor. This is further proof that reinforces our mutualist model, the relevance of the regional network, and the engagement of the teams in the field.

A campaign called "6 Commitments for Satisfaction" was launched in 2018 to continue this momentum.

Responsible customer relations are at the heart of a responsible business activity and the expectations of members and customers. Over three years, Groupama's perception as a "responsible insurer" (indicator extracted from the "Enquête concurrence" ranking, based on four relationship-based criteria: listening, clarity of responses, monitoring, and suitable covers) has increased from 11.9/20 points in 2016 to 13.4 points in 2018, within the market average; the perception of claims management (based on the internal survey) is 47% highly satisfied and 81% satisfied and highly satisfied.

(c) Prevention

For more than 60 years, Groupama's prevention policy has been reflected in a concrete commitment in areas pertaining to economic, social, and environmental responsibility: protection of people and property as well as the sustainability of businesses and the preservation of the environment. Driven by the strong convictions of the mutualist Directors (elected representatives) and the employees, it favours anticipation and long-term actions to serve our members and customers.

For companies of the Group, applying a large-scale prevention policy means encouraging the emergence of responsible attitudes towards risks while being economically efficient. Various prevention actions are carried out, from technical prevention (business risk inspections, electrical or alarm installation advice, etc.) to institutional prevention with the general public, customers or non-customers (road safety awareness for schoolchildren, prevention of accidents in the home, conferences on topics of health, meteorology, and climate change, prevention of theft, etc.).

Prevention has taken shape over time through multiple individual or collective, innovative or original actions seeking to reinforce the safety of individuals and property on all of their private and professional risks. The deployment of prevention actions conforms to a strategy specific to the Group, a source of expertise and legitimacy: integration of dedicated resources (teams of prevention inspectors, Centaure centres, etc.), partnerships of excellence (Predict, Météo France, the Prévention Routière road safety association, national police force, highway companies, etc.), and local actions thanks to exceptional coverage of the territory.

For example, the "Groupama, ma prévention météo" app has been extended to beneficiaries registered on the "Groupama, toujours là" app, as part of the extension of the Groupama Predict service (prevention for local authorities) to individuals, professionals, and businesses for all several regional mutuals.

The Group is developing – and will increasingly develop – prevention services in connection with the growth of connected objects (particularly through auto, home, health, with young people, seniors, professionals including farmers, businesses, etc.).

During 2018, 85,472 customers or non-customers (63,250 in 2017) were made aware or trained on prevention by the Group's teams (excluding Centaure centres).

Preventionists carried out 13,986 missions (technical prevention and general public action) in 2018 (-5,827 compared with 2017). This decrease is mainly due to a general public automobile safety action deployed in 2017 by a regional mutual, having reached more than 5,000 people who were not renewed in 2018.

Our prevention actions Group together five major areas: health, road safety, home risks, agricultural prevention and industrial risks and local authorities.

Content on prevention is regularly posted on the social networks, Twitter accounts, or Facebook pages of the various entities of the Group.

Health insurance

In health insurance, the Group takes action in a culture of prevention – by covering many acts of prevention, reimbursed by the compulsory scheme or not – and is actively engaged in informing and mobilising policyholders.

The supplemental health offerings take this approach to prevention into account, with, in particular, reimbursement for prescribed vaccines not reimbursed by social security, a free annual oral and dental check-up, covered fluoride treatments for children, smoking cessation, prescribed antimalarial medicines, etc. Specific prevention cover for policyholders aged 55 and older is incorporated into the senior offering, particularly in dental (gum treatment) and podiatry/podology and provides cover for treatments not reimbursed by the compulsory schemes.

The prevention advice to customers and non-customers is presented both during health conferences (on topics such as nutrition, physical activity sleep, elimination of risk factors like tobacco and alcohol, self-medication, etc.) and through groupama.fr in the form of guides and health profiles on various topics.

The websites www.bienmangerpourmieuxvivre.fr provides tips for better eating. Sections are dedicated in particular to the elderly, children, pregnant women, and athletes. The Group is a partner of the website published by "Saveurs et vie", a specialist in providing custom at-home meals and nutritional care. Monthly helpful tips (the seasonal basket, for example) and fun sections are exclusively reserved for the Group's policyholders.

Road safety

Groupama's road safety policy, developed for several decades, has been extended to all audiences and ages. From younger children starting school to seniors, the Group's companies have put in place a whole range of actions.

The eleven Centaure centres, of which Groupama Assurances Mutuelles is a shareholder, are an important relay for Groupama's prevention actions as regards its members as well as businesses and the general public. Spread out all over France, they offer road safety courses and professional training courses, including eco-driving modules.

In 2013, the Road Safety Department, Groupama, and the Centaure association renewed the road safety charter, which offers quality post-driving permit training to drivers for safer, more responsible driving, particularly for beginning drivers but also for seniors. In line with this tripartite charter, and in order to reach the widest possible audience, Groupama and Centaure launched the "Centaure 360°" mobile app. This innovative, educational digital tool, intended for the general public, focuses on virtual reality to inform and immerse smartphone users in the world of prevention and driving improvement. New learning modules were later deployed (hypo-vigilance, phone use while driving and distractors, etc.).

The development of the quality approach within the Centaure network resulted in the provision of certificate-issuing training for the companies. On this major point, in connection with the law of March 2014 on the reform of professional training and the decree of June 2015, Centaure obtained recognition from the French national commission for professional certification (CNCP) for the CARD-PRO certificate, the AFNOR training services NF certification (on the learning process, the organisation, etc.) for seven companies, and the quality approval of the OPCAs by the EIG Datadock obtained by the nine Centaure companies. Centaure's certificate-issuing training courses are eligible for the professional training period in the personal training account (CPF) according to the decisions taken by the professional sectors.

With regard to the general public and businesses, Centaure ensures its sustained presence with prevention messages on social networks (Twitter, Facebook, LinkedIn, Viadeo).

Driver training at the Centaure centres	2017	2018	2018 scope
Number of people trained in prevention and eco-driving at the Centaure centres	39,092	37,733	in France

In addition, in connection with the development of connected objects, Groupama On Board is a behaviour-related auto insurance test launched in several companies of the Group incorporating a strong dimension of prevention geared towards young people. It collects and analyses the driving behaviours of beginning drivers, aims to educate drivers with personalised prevention, and reduces the premium to reward good driving. Also noteworthy was "Santino" in the Group's subsidiary in Italy, an app that blocks calls and text messages while users are driving.

Other prevention measures promoting road safety are carried out in the Group's entities. Examples include road safety prevention workshops, distributions of safety vests, training for seniors as part of the "Il n'y a pas d'âge pour bien conduire" ("You're never too old to be a good driver") programme, and other actions.

Groupama has launched the innovative application letrajetleplussur.fr, which suggests a more secure alternative to the route usually suggested by GPS, and the Vigielent app, providing real-time notifications of the position of a slow or congesting vehicle (often agricultural) on the road and promoting safer road sharing.

Prevention of domestic risks

Domestic risks are responsible for more than 19,000 deaths each year in France. Groupama's initiatives aim to encourage preventive and assistance behaviours. Many actions are carried out locally, like information meetings on "everyday accidents", fire hazards and the use of fire extinguishers and defibrillators, awareness-raising events like "House full of dangers" or "Tourisk family", or beach bracelets for children. Groupama also publishes thematic sheets on the everyday risks, such as securing private pools and playgrounds or deciphering danger icons. Our initiatives are implemented *via* local partnerships with players as diverse as Générations Mouvement, the French Red Cross, Familles Rurales, Foyers Ruraux, etc.

At groupama.fr, all the pages on prevention advice regarding home safety have been updated, and prevention approaches were put in place in order to support the legislative developments (particularly for smoke detectors).

The Box Habitat allows users to monitor their home themselves and prevent risks of fire, intrusion, power outage, etc. and offers home protection connected 24/7 to a smartphone, PC, or tablet.

The deployment of Noé has continued. This connected remote assistance service for seniors (connected bracelet, tablet, app on the phone of caregivers or relatives) can prevent falls and other accidents and allow seniors to remain at home in complete safety, especially in rural areas. This new device combines digital and a human link.

Recall that in 2016, Crédit Mutuel Arkéa and Groupama established a partnership on pooling know-how in the field of remote assistance for people and remote surveillance of property. This partnership brought about the launch of a joint monitoring platform as well as an R&D centre.

Agricultural prevention

The agricultural prevention sector, with very comprehensive actions involving multiple innovations, has benefited from the historic commitment of Groupama, which celebrated "60 years of prevention" in 2015.

One example is the "Dix de Conduite Rurale" ("Rural Driving 10") campaign, initiated by Groupama in agricultural colleges in 1972 in partnership with the National Police, CLAAS and Total, which is now a benchmark in training on the risks of driving farm vehicle in the rural sector. The "Dix de Conduite Jeune" ("Young Driving 10") campaign is intended for students ages 14 to 16 in general education and agricultural schools; its educational goal is to prevent the real dangers of the road in order to better anticipate and control them.

Agriculture	2017	2018	2018 scope (%)
Number of missions carried out by preventionists	5,485	6,242	99.21%
Number of outside individuals who benefited from awareness-raising actions, information or training in prevention or safety	4,015	6,210	99.21%

A three-year agricultural prevention Group plan for 2016-2019 began its implementation around three focuses: measuring, acting, and promoting. In particular, it seeks to strengthen the overall effectiveness of our actions and to further experimentation efforts like fodder probe testing, connected farming (with the "Ferme Connectée" mobile app), and security actions. A guide for methanisation project sponsors was published on the question, "How do we integrate safety?".

A partnership was signed in 2018 with a company, Utronix, for a traceability and prevention solution in the potato sector.

Also note that Groupama offers a set of specific prevention tips for young farmers starting up through the website demainjeseraipaysan.com and the "pass installation"; 300 to 600 new young farmers (per regional mutual) are supported each year.

Prevention of risks to companies and local authorities

Groupama supports an approach to prevention of professional, environmental, etc. risks with industrials and local authorities in order to understand their vulnerabilities and decrease them using a "customised" approach.

In partnership with Predict Services, a subsidiary of Météo France, the Groupama Predict offer initially intended for local authorities includes assistance in the preparation of a Local Response Plan and their Local Major Risk Information Document (DICRIM) and a real-time monitoring and information system on flood risks. The plan is in place in 18,000 municipalities, under the Groupama (17,000) and Gan (1,000) brands – the Group is the number 1 property damage insurer of France's municipalities – and provides warnings not only for floods but also risks of storms, coastal flooding, heat waves, or heavy snowfall. The information provided by Groupama Predict is personalised and issued in real time by Internet or SMS. In addition, a Groupama-Predict app has been developed; it delivers messages regarding key information in order to anticipate and manage a hazard event: severe weather reminders, hydrometeorological assessments, protection instructions, etc. The Predict alert system was extended by several regional mutuals to other customers of the Group (individuals, professionals, companies, businesses, associations, etc.) with the launch of the "Groupama, ma prévention météo" app.

During the floods in Aude in October 2018, 1,800 municipalities and insured individuals were alerted by the Predict service.

Businesses and Local Authorities	2017	2018	2018 scope (%)
Number of missions carried out by preventionists	4,040	3,732	99.21
Number of outside individuals who benefited from awareness-raising actions, information or training in prevention or safety	3,017	5,971	99.21

Also note, with regard to prevention for local authorities, that Centaure training, information meetings on occupational risks, and access to the Mayor Info Guide (50 sheets on all risks) are offered, and the guide has now become the Territories website. The 22nd exhibition for French mayors and local authorities (Salon des Maires et des Collectivités) (November 2018) was an opportunity for Groupama to officially launch Territories, its new website dedicated to municipalities and associations.

On the occasion of the 2018 exhibition, Groupama reinforced its commitment by supporting the label "Ville Prudente" label launched by the Prévention Routière road safety association to highlight the most exemplary municipalities in terms of safety and road safety.

Promotion of the Activeille remote assistance solution for corporate and community facilities was reinforced during presentations (Salon Préventica, Salon des Maires, etc.). Groupama's participation in the Batimat exhibition allowed DATIWatch to be presented: this Isolated Worker Alarm System is used to trigger an alert to ensure the safety of people working alone. A connected watch, in case of manual triggering or if there are no micro-movements, allows emergency services to be reached quickly.

In addition, Groupama is exporting its expertise in prevention with the recruitment of international risk experts.

Prevention among employees of the Group's companies

Awareness, information and training actions on prevention or safety are also offered to employees of the Group. In 2018, 5,915 people (10,540 in 2017) were informed about various themes: stress management, cyber-security, road safety, workstation ergonomics, or eco-driving (thanks to the Centaure centres in particular). This significant decrease in 2018 is explained by a figure that was increased in 2017 by a massive internal prevention action at Groupama Biztosito (Hungary and Slovakia) (7,650 awareness actions in 2017 compared with 3,475 in 2018).

(d) Insurance and service solutions addressing societal issues

Accessibility

In order to better meet member and customer needs and to enable all customers to insure themselves depending on their capacities while continuing to benefit from sufficient cover, the Group has developed forms for modest and limited budgets in its offerings. Five years ago, the "Indispensables", new forms of the individual supplemental health insurance product, were created. They provide for reimbursements only for health expenditures considered essential by the policyholders, particularly in situations of setbacks. In Group health, as part of the National Interprofessional Agreement (ANI), the Group was one of the first insurers, as early as 2013, to promote through its Gan and Groupama networks, accessibility and protection for all employees by equipping the companies with policies adapted to the characteristics of the professional segments. In the market for these "ANI" policies, Groupama has been the leader since the launch. On pro.ganassurances.fr, Directors of VSE-SMEs can quickly obtain health insurance for their employees.

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

The Group innovated by making the third-party payer certificate available to all of its 1.4 million health policyholders in their customer area.

In the same spirit, in motor insurance, there are also "Mini" or "Essential" offerings or offerings for low-mileage drivers. For three years, Groupama has been expanding its range of basic offerings with adaptation on multi-risk home insurance policies. Groupama thus offers low-cost home insurance for students. Groupama's multi-risk home insurance policy was completely overhauled in 2016, particularly with a simplification of policy documents for better accessibility/clarity of customer information.

In order to support socio-economic developments, the Group has adapted its Everyday Accident insurance: accessible to blended families, adapted cover for individuals over age 70 and students abroad. Since 2014, there has been a specific option to protect professionals (tradesmen, shopkeepers, and service providers) within Private Everyday Accident.

Sustainable social protection

In health, the Group is fully committed to complying with the conditions of the "responsible policies" that limit the consumption of unnecessary care or care from health professionals who charge excessive fees. All policies are now "responsible policies", and the same applies to Group health policies (as part of the "ANI" offering).

Health insurance policies offer generalised third-party payment and access to large care networks throughout France (Sévéane), particularly in optical, dental, and hearing aid care. Groupama guides policy holders to healthcare professionals who offer quality equipment at the best price. Sévéane was improved and now offers a special price for eyewear (up to -40% on lenses) and a renewed proximity with opticians: the network now has 3,500 opticians. In 2018, the care network was opened up to osteopathy and chiropractic.

The online healthcare customer area was expanded for Groupama's individual health insurance policy holders: reimbursement tracking, online third-party payment certification, location of Sévéane healthcare professionals, nutrition area, health advice, and Emag'santé Groupama. In 2018, this new healthcare customer area was rolled out to other health insurance policy holders.

Note that the Group provides a wide range of assistance services: home assistance, including "young mother" support, housekeeper/caretaker, remote assistance at hospital discharge, etc. Since 2018, it has also been possible to allow relatives – even if they are not policyholders – to benefit from these assistance covers. From September 2017 to the end of August 2018, a remote consultation experiment was conducted with two regional mutuals and Médecins Direct, a particularly attractive solution allowing individuals in rural areas with no physical access to physicians to consult a physician remotely. Remove consultation will be extended to all of the mutuals in 2019. Gan Eurocourtage integrated remote consultation into its health solutions in 2018.

An insurance solution dedicated to seniors was launched three years ago with covers meeting their needs, such as increased reimbursements on hearing aids. Specific prevention covers are also incorporated into the product, particularly in dental and podology/podiatry, and pay for treatments not reimbursed by the compulsory schemes. The Groupama Active Health offerings, including for seniors, were enriched: the scope of alternative medicine, which is increasingly popular with the French, was extended, and the amount for a private hospital room per night was increased for certain options.

Our health insurance policy services are also designed for members of the "pivot generation".

A hotline for seniors has already been available for a long time – and will continue to be developed through the "connected home" – and is a response to the issues directly related to the ageing of the population, such as risks for long-term care and home support. With a focus on prevention and intergenerational assistance, Noé was launched in early 2017 and continued in 2018. Noé is a connected remote assistance service for seniors (connected bracelet, tablet, app on the phone of caregivers or relatives) can allow seniors to remain at home in complete safety. This new service provides a real-time link with a relative who is physically far away.

In Turkey, Groupama launched Healpy in 2018, an innovative mobile app serving healthcare customers and non-customers (preventive health with measurement of steps, geolocation of nearby hospitals, access to remote consultation, etc.).

In terms of protection insurance, the Group and its companies wish to promote their social utility. To that end, it launched a comprehensive 2020 Protection plan (redefinition of the product range, distribution strategy, especially with regard to professionals).

Recall that a new long-term care offering was launched in 2016, a field in which Groupama is a pioneer and historical leader. In particular, it will provide policyholders recognised as dependent with a pension of up to €2,000 per month, plus the ability to equip their home appropriately. It includes a wide range of services provided in case of long-term care of the policy holder, but also to support a person who is in a caregiving situation.

In Group protection insurance, a field in which penetration VSE-SMEs is very low, the group is continuing to develop its flexible offerings (such as Galya at Gan Eurocourtage), which include various covers (mandatory and optional) and support and assistance services for employees, especially in prevention/alternative medicines. Since 2018, Gan Eurocourtage has offered a supplementary "critical illnesses" cover to allow policyholders to get a medical "second opinion" and to cover expenses not covered by social security and mutual insurance.

Regarding the social protection of agricultural assets, Groupama is continuing its partnership with the social protection group Agrica and the MSA and renewed in 2016 the "corporate mutual" agreement with the FNCUMA, which concerns 5,000 employees. Two other framework agreements were signed with the FNSEA and the JA [young farmers] organisations. Twenty thousand farmers who use labour signed up as part of the agricultural offering partnership. Groupama obtained additional protection from the ministry of agriculture.

In order to meet the challenge of ageing and the growing imbalance of the pay-as-you-go system in France – hence increased requirements in terms of performance and security on the part of savers – the Group completely renovated its retirement offer, Gan in 2013 and Groupama in 2014-2015 (secure, protected, diversified UL and time-horizon management). Groupama continued its UL diversification strategy, which allows customers to combine performance potential and capital protection. A Retirement guide was also produced in 2016, and the Tips section on groupama.fr was expanded on this subject. Note that the Group also contributes to the Certivia fund, intended to promote life annuities in France. The "retirement" process continued in 2017 and 2018 with the establishment of an informative website, with the construction of allocations based on the customer's risk profile. The goal is to meet the need for understanding and information of subscribers, with well-expressed priorities in terms of savings and flexibility. In 2018, Groupama partnered with the fintech Sapiendo to offer interactive services.

Mobility

With the emergence of connected cars, Groupama offers innovative solutions with multiple benefits for both the customer and the environment. Amaguiz's Road Coach offering allows drivers to pay less for insurance according to their driving style. Thanks to an on-board telematics system, policy holders are encouraged to drive responsibly on a daily basis, and to adopt the proper habits to reduce fuel consumption and CO_2 emissions. This offering allows policy holders to save up to 36% on their insurance premium, paid back in the form of electronic gift vouchers. A similar behaviour-based offering had already been launched by the Group's subsidiaries in Italy (MyAngel) and Turkey (Kaskopilot). In France, Groupama On Board, targeting young people and offering behaviour-based pricing and prevention advice, was launched as a pilot at the end of 2016 and then expanded in 2017 and 2018.

A new "mobility" insurance product: support for new modes of mobility also led to the expansion of the motor insurance offering, which now includes, at no additional cost, protection for car-sharing and car-pooling. This concerns nearly a million policies in the 4As system.

Also in 2018, to support the mobility of everyday accident (GAV) policy holders, the Gabriel "pocket assistant" was launched. This new mobile app provides direct access to assistance with motor (and home) policies with immediate geolocation.

"Bicycle insurance" offerings were launched in the form of policy packaging.

Lastly, Groupama is developing products or services that make life easier today, such as Domos (for easier moving), PayCar (buying a used car safely), legal protection insurance that takes e-reputation risk into consideration, and a service for members: in-branch registration document management, with a pilot operation in 2017 extended in 2018.

Protection for all farming in the face of increasing risks

The response to the needs of agricultural players has historically been at the heart of Groupama's business (number 1 agricultural insurer, with 60% market share).

The "multi-risk climate insurance" (MRC) offering, with Groupama as one of the designers from the beginning (2005, then reformatted as a "basic policy" in 2015), has shown its importance in recent years, when crop losses have been particularly significant. Groupama's mobilisation alongside farmers following bad weather has been strong, thanks in particular to its elected representatives and the 450 Groupama appraisers specialising in crop damage appraisal.

Two years ago, Groupama launched an innovative product highly anticipated by the profession, "Objectif Stabilité". This revenue insurance, launched as a test, allowing farmers to protect yields and prices. The development of this product has been successful. More generally, the Group, a professional agricultural organisation and an expert in agricultural risk management, is involved in the preparatory work for the 2020 PAC, to work with farmers to build the tools necessary for their protection.

A first international symposium on risk management in agriculture was launched in Paris in February 2018 by a Groupama regional mutual.

Agriculture is also increasingly a technological and precision business, and Groupama is supporting this development, as illustrated by its drone insurance (Airinov partnership), agricultural robot insurance (partnership with NAIO Technologies), or the Smart Agri project (global risk management for a farm). In 2017, Groupama launched "Initiatives Agricoles", a collaborative process for testing solutions using connected objects: fodder probes, connected fences, geolocation of tractors in case of theft, etc.

In 2018, Groupama became a partner of La Ferme Digitale (a gathering of innovative startups) to make the best use of the possibilities offered by new technologies.

At the same time, the development of Exo.experts, specialising in appraisals by drone – allowing them to be faster and more precise – of climate variations on crops, makes the inaccessible visible by capturing aerial images of disasters.

In addition, since 2018, Groupama has been testing Météus weather stations designed to collect data to work on new forms of index insurance.

Sustainability of economic players and needs of local authorities

As the number 1 property damage insurer of local authorities in France, Groupama is a major player in territoriality and also covers the entire spectrum of their needs (insurance for elected officials, municipal staff, facilities, etc.). Taking into account the recent territorial reform, Groupama has completely revamped its insurance offering for local authorities to respond to the profound changes in the territorial organisation and the resulting new needs.

In connection with the Salon des Maires in 2018, Groupama signed a partnership with Association des Petites Villes de France, which will be able to rely on the Group's expertise. The Groupama Predict service and the Territories platform (advice to mayors) are mentioned in the Prevention section above.

The Group also continued its role as contributor of protection for entrepreneurs (unemployment insurance for corporate Directors, insurance for business creators, new protection insurance for professionals, etc.) and the durability of their company and the revenue produced. Groupama is one of the players offering the most solutions, covering all needs and positions, with comprehensive advice, proximity, and the possibility of immediate insurance.

For emerging risks, the roll-out of the cyber-risk offering (initially a Gan Assurances offering) continued in 2018. A "white paper" guide highlighted the under-protection of VSE-SMEs against cyber-attacks.

For professionals, the following efforts are noteworthy:

- stronger support (taking advantage of the common local roots, etc.) for local businesses, including hotels/restaurants, building tradesmen, etc. (low-cost Group insurance solutions for businesses, ten-year insurance covering all minor works, etc.);
- streamlining of professional multi-risk offerings, taking into account changes in uses and activities (*e.g.* for auto professionals, cover for electric charging stations, insurance for joint garages, etc.);
- new customer area for professionals (health and protection focus). All-new offering and advice content has been visible since 2018.

The rise of the collaborative economy and digital

The Group is a stakeholder in the rise of this economic and societal evolution. For example, Groupama is the insurer of equipment rented on the WeFarmUp agricultural platform (more than 1,000 shared machines). It is involved in the insurance for lenders on crowdlending platforms (Pretup, Finsquare) and participates in the risk analysis of projects presented on the Lendix platform (Gan Assurances partnership). In Bulgaria, the Group's subsidiary has been the insurer of CarAmigo, a website for car rental between individuals, for three years.

Groupama has been offering its policyholders personalised advice since 2018 from Papyhappy, a website listing residences for seniors.

In addition, taking advantage of the potential of digital technology, Groupama is one of the two member insurers of the FinTech Forum (this forum for monitoring, dialogue, and proposals bringing together innovative companies, public authorities, and supervisory authorities provides a better understanding the challenges associated with the development of innovations in terms of opportunities and potential risks) and participates in the Labchain, the 1st European consortium dedicated to studies on the possibilities of Blockchain.

Since September 2017, Groupama has participated (the only insurance/finance partner) in a world-renowned "startup accelerator" programme, Techstars. Groupama wishes to further strengthen its proximity to the French innovation ecosystem and thus contribute to its influence. Ten Group mentors help identify and support potential partnerships. In doing so, the Group will be able to test new disruptive digital solutions and later use them to serve its customers.

Groupama entities are partners in startup incubators, such as French Assurtech in Niort, to work in partnership on new solutions, such as remote rapid appraisal (Fotonower).

Internally, Groupama launched a "Pocaimon" competition in 2018 to enhance the artificial intelligence skills of the Group's French and international entities.

(e) Responsible asset management

During the first half of 2018, for the second time, the Group produced a report relating to Article 173 of the French energy transition law, presenting how the Group incorporates Environmental, Social/Societal, and Governance criteria as climate risks across all asset classes into the investment strategy and therefore its contribution to the financing of the energy transition.

The update on the announcement made by Groupama on 3 December 2018 of the withdrawal from coal and fossil energy industries in the investment policy is set out in section 2.8. Acting for the environment.

For more than 15 years, Groupama, a financial player in the economy's long-term development, has been involved in promoting Socially Responsible Investment (SRI), through its third-party asset management subsidiary, Groupama Asset Management. Its expertise in analysis and research, its management products and its mobilisation within many French and international representative environments make it one of the recognised leaders in this field.

In addition to rolling out this specific SRI strategy, Groupama Asset Management has established a global objective of ensuring the widespread integration of ESG issues into all management operations [(1)]. This policy of integrating ESG criteria will be gradually applied to the financial management of the Group's assets. Groupama Asset Management believes that by promoting the integration of ESG issues into the macroeconomic and microeconomic analysis of its investments, it potentially optimises not only the management of risks but also the sources of added value and long-term value creation of investment portfolios through its policy of Responsible Investment (RI).

To affirm this commitment, Groupama AM established an ESG Strategy Department in 2018 to accelerate the integration of ESG into all portfolios.

The ESG assets concerned in the application of this dual strategy (SRI/RI) are divided into three categories:

- SRI funds or mandates in the strict sense of the terms managed through the application of "best in class" management processes or recognised as SRI by the CIES (French inter-union employee savings committee);
- RI money market funds: this represents a significant share of the assets managed by the money market unit; *ad hoc* committees decide on the exclusion in principle of certain securities (issuers using tax havens, etc.) and at the same time promote investment in specific structures (co-operative banks, mutualist structure institutions, etc.);
- the RI category, which includes funds or mandates managed according to specific ESG charters, practising exclusion in principle or being managed using sustainable benchmarks.

Total investments incorporating ESG criteria reached €23.9 billion as of 31 December 2018, or 24% of total assets managed by Groupama AM. This total represents an increase from the previous fiscal year due to the rise in RI money market assets.

	2017	Of which external customers	2018	Of which external customers
SRI and RI assets under management at 31 December *(in billions of euros)*	23.1	8.6	23.9	9.9
Share of SRI and RI in total assets under management *(%)*	23%	8.2%	24%	10%

In addition, the SICAV Euro Capital Durable (eurozone equities) and the Groupama Crédit Euro ISR fund (eurozone bonds), which were awarded the new SRI label in 2016 supported by the public authorities (this local label followed the Novethic label) following an audit by AFNOR, had their two labels renewed for fiscal years 2017 and 2018 after follow-up audits by AFNOR.

The responsible management of Groupama Immobilier's assets is also presented in the report relating to Article 173 and "Acting for the environment" section of this report.

Groupama Asset Management has been a member of UNEP-Fi since 2002 (Asset Management Working Group), Chairman of the Sustainable Finance and Responsible Investment Forum of AFG (French Management Association) and the Responsible Investment Committee of the AFG, and a member of the FIR (Responsible Investment Forum) and the EUROSIF. Jointly with Groupama Assurances Mutuelles, Groupama Asset Management is a member of the ORSE (Observatory on corporate social responsibility) in which it contributes to the work of the Finance Club.

Groupama Épargne Salariale, as a business line department of the Group, is also positioned in a CSR approach, for its offering of financial vehicles intended for the 131,000 employees of 14,300 customer companies. Groupama Épargne Salariale offers SRI funds, accredited by the CIES (French inter-union employee savings committee). In 2018, the assets under management of SRI funds grew by more than 8% last year to reach around €1.2 billion. At the same time, the number of electronic statements increased to almost 23%. In 2019, the launch of online subscription will also help reduce Groupama Épargne Salariale's paper consumption.

The Company is continuing to develop "Solutions Épargne Salariale", the website of reference for employee savings for VSEs and SMEs (www.solutions-epargnesalariale.fr is the first website in France entirely dedicated to employee savings).

(1) *The policy of integrating ESG criteria into the financial management of the Group's assets is gradually applied to the universe of European medium/long-term assets (credit bonds and equities). At first, this integration was implemented for the management of Euro/Europe equities only within open or dedicated mutual funds managed by Groupama Asset Management, held by the Groupama group's entities and/or disseminated to outside customers. Starting in 2010, this integration was gradually extended to the management of credit bonds (companies) and European sovereign debts (States). The scope of assets integrating an ESG approach (RI assets) thus involves all securities and money market funds held directly or indirectly.*

The Group continued its commitment to invest in the financing of the real economy, with nearly €1.8 billion committed for this as of the end of 2018. This programme to support the real economy involves private equity and loan funds, aimed at financing SMEs and mid-cap companies, mainly in France, as well as financing transport, energy/environment and telecom infrastructure and job-creating commercial property projects. Moreover, at the end of 2018, Groupama subscribed for a little over €210 million in green bonds and started investing in sustainable bonds (social bonds).

4.2.2.7 Strengthening our contribution to the development of the territories and the progress of community organisations and associations

Engaging employees, elected representatives, as well as our companies and their stakeholders in the territories and for civil society is a strong, long-standing commitment of Groupama. In addition to the impacts of our economic activity – through local employment, payment of benefits, tax contributions, etc. – the Group conducts multiple actions to support economic initiative in all its forms, academic partnerships, solidarity actions, and philanthropy.

€43.7 million was paid to local authorities in the form of territorial economic distribution (CET) in 2017 (the amount for 2018 will be known in spring 2019).

€11 billion in benefits were paid in 2018 [(1)] to our policyholders to allow them to protect their economic activity and their family life.

The Group's decentralised structure favours its territorial roots and contributes to the development of the regions. For employment, the Group and its companies regularly organise Jobmeetings throughout France (in 13 major French cities in 2018). 93% of candidates indicated they were satisfied with the after-work format chosen for the past two years.

After the issuance of first mutual certificates in 2015 by a regional mutual, similar operations followed for the other eight metropolitan mutuals. In particular, they strengthen the investment capacity of the mutuals in the regions. Mutual certificates totalled €541 million overall, including €104 million collected in 2018. The regional mutuals are reinsured by the national mutual, Groupama Assurances Mutuelles.

Almost all of the Group's companies engage in local actions/societal partnerships. Companies favour certain themes. Examples include entrepreneurship, disability initiatives, solidarity, culture and heritage, the environment, cinema, and prevention.

The website groupama.fr launched the section www.lavraievie.groupama.fr as a true external showcase of the actions in the territories concretely promoting mutualism.

More generally, and in addition to the actions for prevention mentioned in point 4.2.2.6 (c), the Group's companies are present on three major commitment themes associated with our local roots and relationships:

- contribution to economic development and initiative in the territories;
- commitments around "Living together";
- the fight against rare diseases.

(a) Economic development and initiatives in the territories

Significant events

- participation with major partners in Niort Tech/FrenchAssurtech, which is launching an accelerator dedicated to insurtechs;
- deployment of regional Pro awards to recognise innovative local initiatives;
- opening of the France-Romania cultural season, sponsored by Groupama;
- a large number of participations in Special Olympics races.

Beyond a purely merchant or insurance-based approach, the Group's entities develop partnerships in the field to facilitate, encourage, embrace the initiative and promote employment, and contribute to local economic development.

This is possible and effective thanks to the Group's local roots, with interaction between players in the field, thus providing detailed knowledge of the needs:

- In agriculture, with full support in the field, thanks to the numerous local initiatives of mutualist elected representatives, for the entire business cycle of farmers: sponsorship and support for installation, training and information, management of setbacks, participation in social progress initiatives (particularly related to health), promotion of agricultural trades (including partnerships with agricultural schools), etc. These actions are taken particularly in partnership with the Chambers of Agriculture (where Groupama is represented), professional associations and federations related to the sectors, the departmental JA [young farmers] organisations and the FDSEA. Groupama's departmental federations are represented within departmental land authorities (DDTs) as well as land-planning and rural-development companies (Safer).

Groupama also promotes direct distribution thanks in particular to digital with the creation in 2013 of a first local network to put individuals in contact with local members/entrepreneurs (Granvillage).

- In the field of VSE-SMEs – with assistance for entrepreneurs and support for regional employment, under the leadership of the Group's companies and their commercial networks: as part of partnerships at the regional level with chartered accountants, CCIs, territorial CPMEs, chambers of trades, CAPEB networks; partnerships with the structures or networks that help those who want to start or take over a business (Initiative France and "local initiatives platforms", Réseau Entreprendre, etc.).
- Academic partnerships or partnerships related to the structuring of the territories.

The regional mutuals have adopted the "territorial dynamics" plan set up with the partnership with CNAM, studies that may have a direct impact on territorial actions, or the strategic planning of renewal of elected representatives on boards.

(1) Including €9.3 billion in France, combined scope (France and International), excluding claims management costs

In early 2017, Fédération Nationale Groupama (now Groupama Assurances Mutuelles) signed a national partnership with Centre-Ville en Mouvement, an association created in 2005 by local elected officials, parliamentarians, consular elected representatives, government officials, and researchers around the needs of downtown areas regarding development. This partnership extends the work initiated in certain regional mutuals around the dynamics of the territories.

For three years, Groupama has been a partner of the company "Femmes et Pouvoir", which runs Elueslocales, the largest network of female elected representatives in France.

The Group's companies create partnerships with schools to promote themselves or to introduce the company to the world and/or support young people as they enter the job market or even to assist charities involved in employment or integration.

In 2015, the Group signed the "Charte Entreprises & Quartiers" charter to help priority neighbourhoods, implemented in the field by Groupama Val de Loire, Groupama Centre-Manche, and Groupama Antilles-Guyane, which signed in 2017. Groupama Assurances Mutuelles also continued its partnership with Proxité (financial support and promotion of their work with employees), a charity that offers individual philanthropy to middle and high school students in priority neighbourhoods. From 2015 to 2018, 19 employees (including 11 from Groupama Assurances Mutuelles) have been involved in Proxité.

For several years, the Group has maintained partnerships with various actuarial schools and is one of the four founding members of the Risk Foundation, which seeks to encourage and coordinate teaching and research projects in all areas of risk (financial risks, industrial risks, environmental risks, wealth risks or individual health in particular) in close relationship with partner institutions: Polytechnique, Centre d'Études Actuarielles, Université Paris-Dauphine, ENSAE. Groupama is also developing a research partnership with Institut Supérieur d'Agriculture de Beauvais on agricultural risks and has entered into a partnership with CNAM to optimise the contribution of our companies to the development of the territories.

Around solidarity projects and the local economy initiative, such as:

- With entrepreneurs and startups – new partnerships are being developed using an approach of cross-collaboration and incubation by exchanges of skills, such as support for projects of innovative ESS (for example, GwenneG, Réseau les Cigales, Fondation Emergences, Petites Cantines and Marmite Urbaine, Mécénat Lyon StartUp, Rosalie Life partnership, etc.), partnerships with startup incubators to provide opportunities to work in an ecosystem to detect innovations (for example, Niort Tech with GCA, the Rev 3 accelerators programme in Lille, Amaguiz with startups in the Nantes region), the use of unoccupied premises – by developing them for startups, independent workers, or solidarity actions (in the Paris region and in the West in particular [(1)] Groupama contributes to the economy of tomorrow in the territories by investing in funds (investment capital) like Partech (for startups of the Paris-Saclay university centre) or for the development of the October crowdfunding platform (formerly Lendix), or in Italy with the Think4South partnership. Since 2017, Groupama has participated in a world-renowned "startup accelerator" programme, Techstars (see section 4.2.2.6 (d)).

Groupama Immobilier also makes it office space available to the startup incubator Immowell Lab, dedicated to innovation in the property sector, as well as people looking for work (Solid'Office).

Groupama and its companies award prizes, such as the PRO awards at the regional level – including in the overseas territories – and now at the national level to recognise local innovative companies and the "Most Daring Entrepreneur" competition (Gan Assurances, in connection with the Entrepreneur Exhibition in Paris), or the 2[nd] edition of "Groupama Inspiring Confidence", organised by Groupama Assurances Mutuelles, which awarded seven initiatives and actions to promote the creation of confidence within French society on 6 June 2018. Following a call for applications carried out at the national level and in the territories, around 15 initiatives providing innovative and creative solutions to the changes and major issues of our society were chosen.

(b) Solidarity commitments

The Group's companies provide operational and financial support to numerous local associations (sports, cultural, general interest, and other associations) around three main themes:

Health and disabilities

Health: the entities are significantly committed to the fight against cancer, particularly through walks or running races (like "La Parisienne") and participation in various sporting challenges to benefit numerous causes, combining health and sport or nature, such as the "Marathon des sables". Other commitments have been made around the theme of health: support for hospitalised children, promotion of blood donation, support for psychomotor research, etc.: The Romanian subsidiary Groupama Asigurari has thus committed €38,000 to various health initiatives, and Groupama Océan Indien has provided €15,000 in additional support to ODIRATHON for diabetes prevention.

Disabilities: establishment by the companies of actions to support people with disabilities, beyond the employment of disabled staff, programmes to keep them employed, and the use of adapted enterprise sectors (ESAT); various forms of partnerships: support for associations training dogs for the blind, Handisport, Special Olympics France (a grant, through participation in inter-company relay races, programmes to enable people who live with a mental disability to flourish through sport), Handicap International, purchase of equipment for people with disabilities, support for professional integration, tickets for shows, etc.

Note that the companies of the UDSG scope (including Groupama Assurances Mutuelles) have set a goal for increasing purchases with sheltered-employment organisations (ESAT/EA) by 10% between 2016 and 2018.

(1) Examples: Base10 partnership at Groupama Centre Atlantique, Groupama Up spaces at Groupama Paris Val de Loire, etc.

Cultural patronage

A few priority themes:

- Commitments around the "local culture": partnerships for events to showcase local or rural products and traditions; other more traditional commitments: music, heritage (support for museum exhibitions, local restorations, etc.).

Cinema, a group-wide commitment: in particular through the Gan Cinema Foundation, which has supported the 7th art for more than 30 years: some figures and data about the creation of the Foundation:

- 182 film projects supported;
- More than 90% of winning projects have been filmed;
- More than one in three winners produces more than three films;
- More than one in four winners is a female film Director;
- 15 awards at Cannes, 400 awards in France and abroad, and 39 Césars. In 2018, the Foundation launched the creation of a series of portraits of great Directors ("Image originelle").

In 2018, the Gan Foundation continued its action to support young artists and help with distribution, with a budget of €560,000. In addition, through a Group commitment since 2010, the Foundation is a "Grand Mécène" (major sponsor) of the Cinémathèque française, with €120,000 in support allocated this year. This support has been renewed for three years: 2018-2020.

In addition, local actions have been taken in France, and commitments have been made abroad: Groupama Emeklilik and Groupama Sigorta in Turkey support the restoration of old films, and the Romanian subsidiary Groupama Asigurari supports various cinema events such as the International Animation Film Festival (Bucharest and Brasov), "Les Films de Cannes" in Bucharest, and other festivals focused on short films (total donations of €39,827 in 2018).

Groupama is a partner of the 2019 France-Romania cultural season, which began in November 2018.

Solidarity

Humanitarianism and solidarity: the solidarity actions are very diffuse and multi-faceted, with support given to many organisations on general-interest or humanitarian projects (collection for Christmas, employee book drive, support for civilian victims of disasters, family or charitable organisations, etc.).

A historic action of the Mutual Insurance Division: Solidarité Madagascar for more than 20 years in partnership in particular with Générations Mouvement; some thirty projects are underway in Madagascar, managed by a dozen regional associations led by elected representatives (actions in the fields of health, education, and agriculture).

In 2018, Groupama Asset Management organised its second solidarity football tournament, benefiting eight charities/foundations, working in fields such as medical research, child care, disability, etc. This event ultimately raised €20,055.

Operations like "Coups de cœur" or "11,000 sourires" are initiatives that team up employees, members, and elected representatives.

4

	2017	2018	2018 scope *(%)*
Amounts allocated for philanthropy excluding rare diseases *(€)*	4,851,783	5,070,718	99.21%

These amounts do not take into account the salaries of Gan Foundation employees.

Regarding relations maintained with learning institutions, many partnerships are forged between our regional mutuals or subsidiaries and the institutions in their region or pool of employment: instructional actions or conferences, sponsorship, acceptance of trainees and interns, simulation of interviews and participation in juries, presence in employment forums and support for teaching chairs.

(c) The fight against rare diseases

Significant events

- social innovation prize awarded to the rare disease assessment platform of the Paris-Sud university hospitals;
- 2nd edition of the "Les Français et les Maladies rares" survey;
- continuation of the partnership with Necker Hospital to "promote optimal living for children with rare diseases" and a new research partnership with the Pasteur Institute;
- record results of the "Balades solidaires" ("Solidarity Walks"): €296,000 redistributed and 25,000 walkers in 2018;
- support for the distribution of the film "Mes Frères" (printing of posters and information materials, organisation of previews);
- announcement of support for new paediatric cancer research projects involving INSERM (Foundation and GCA).

The Group's commitment in the fight against rare diseases through the Groupama Health Foundation perfectly illustrates its mutualist values of solidarity, proximity, and trust.

The Foundation acts to promote medical diagnosis, encourage research on rare diseases, and improve the daily life of patients.

Being committed to the fight against rare diseases when this cause was not yet truly taken into account by the public authorities and having maintained this commitment is a great demonstration of our ability to maintain long-term partnerships.

A strong commitment since 2000

Three million people in France and 25 million people throughout Europe are affected by rare diseases: "rare" because each of these 7,000 pathologies affects fewer than 30,000 individuals in France. However, in France overall, they affect 1 person out of every 20. Since 2000, Groupama has been committed to this public interest issue, which is perfectly consistent with its mission as a responsible insurer and mutual insurer. For almost 20 years, the Groupama Foundation has supported more than 160 organisation, funded more than 600 projects, and donated more than €7 million.

The Groupama Health Foundation supports the fight against rare diseases, today public health priorities with cancer and Alzheimer's disease. The goal of the 2016-2018 action plan is to make the Foundation a major illustration of mutual insurance while positioning it as a private player of reference in the field of rare diseases. To achieve this result, strategic focuses were defined, around proximity/solidarity and research/innovation.

The 2019-2023 action plan was validated by the Board of Directors at the end of 2018.

Groupama revealed the findings of the 2018 edition of the OpinionWay survey for Groupama, which focused on the French perception of the daily lives of patients. They show significant discernment about the difficulties encountered by patients (82%); this realism is encouraging because it constitutes an essential basis in the fight against rare diseases, even though they underestimate some of the difficulties that patients may encounter (83%).

To strengthen the mobilisation of employees and elected representatives in the fight against rare diseases

"Let's mobilise against rare diseases." With the goal of developing engagement during the "Semaine de la Fondation" ("Week of the Foundation"), employees were called on to choose from among selected projects the one that they wished to see the Foundation support. A starter donation of €2,500 was given to the favourite project: the charity "Les Enfants de la Lune". Seven hundred Group employees participated in 2018.

Another vector for mobilisation of elected representatives are the "Balades solidaires" ("Solidarity Walks"). They have taken place each year for more than five years throughout France on the first Sunday in June (for the most part). All regional mutuals participate in the event. In 2018, the "Balades solidaires", organised by the federations of elected representatives and the Groupama Health Foundation, brought together 25,000 walkers in 100 walks and raised nearly €300,000, assisted 53 charities, and supported two female researchers. Constantly growing results since the first edition.

Other solidarity events organised by the regional mutuals (concerts, "customer smiles", sales, etc.) raised just over €41,000 in 2018.

Increase efforts to aid medical and medico-social research

The Foundation wishes to strengthen its support for research through several actions. The new "Rare Diseases Research Prize" launched in 2017 (€500,000, paid in instalments over five years) aims to support a dynamic team, led by a senior researcher who has paved an ambitious way to fight rare diseases, to make real advances in this area. The first winning team consisted of biologists, biophysicists, and clinicians, located in a CNRS research unit in Paris. It focuses on Intestinal Epithelial Dysplasia (IED), a rare condition affecting children.

Moreover, the partnership signed in 2015 with Necker Hospital to promote optimal living for children with rare diseases continued and was extended over 2018. It will be extended again in 2019 in response to one of the focuses of the 3rd Rare Disease Plan announced on 4 July 2018. A methodology for social workers and new tools were created to best support families of young patients with rare diseases. Fifty families participated in the study.

In November 2018, the Foundation signed a sponsorship agreement with the Pasteur Institute to support the development of a new approach to gene therapy (with "DNA scissors") for patients with Steinert disease.

The Groupama Foundation joins forces with the regional mutuals in their partnership with university hospital centres or universities. Examples can be found in Rennes (diagnosis of rare diseases) and Nantes (gene therapy research) with Groupama Loire Bretagne, Bordeaux with Groupama Centre-Atlantique (paediatric cancer), Toulouse with Groupama d'Oc (Prader-Willi), Lille with Groupama Nord-Est (CRACMO), Strasbourg with Groupama Grand Est (Strasbourg university hospitals), and the Paris region (Bichat Hospital for equipment purchases and the Pontoise hospital centre with local mutuals of Groupama Paris Val de Loire).

With regard to paediatric cancers, the Foundation and Groupama Centre-Atlantique announced at the end of 2018 its support for two new projects involving the University of Bordeaux (INSERM teams on liver and kidney cancers).

In addition, the social innovation prize was awarded in 2018 to the rare disease assessment platform of the Paris-Sud university hospitals for its "Cuisine mobile" project. Awarded a €20,000 grant, the project aims to support children with rare liver metabolism diseases and their families in the dietary monitoring required by these pathologies by setting up educational culinary workshops within hospital units. The goal of this prize is to provide support each year for innovative initiatives that mark a significant step forward and a breakthrough for people with rare diseases and their families.

Intensify actions to provide information on rare diseases to reduce wandering diagnosis

Since its creation, the Foundation has been a partner of Orphanet, a unit of INSERM and European reference portal on rare diseases and orphan drugs, and Alliance Maladies Rares, a group of 220 charities taking action to provide information and raise awareness about rare diseases.

In 2018, the Foundation supported the project to create a dynamic infographic of Rare Disease Info Services, a "one-stop shop" of information for all concerned.

Review of support

Review of actions taken at the group level	2017	2018
Number of patient associations supported	87	81
Number of supported projects (including those supported through the "Balades solidaires")	111	86*
Number of sponsored researchers (excluding co-participation in philanthropy with regional mutuals)	5	3
Amount allocated for the fight against rare diseases by Groupama Assurances Mutuelles	€386,225	€386,225

* *excluding research projects*

These amounts do not take into account the salaries of Groupama Foundation employees.

The Foundation benefits from support from the regional mutuals, allowing it to reinforce its commitment to the fight against rare diseases.

In addition, the Group's companies mobilise in support of other "rare disease" institutions or associations, such as Petits Princes. The Group's commitment (on the combined scope) in the fight against rare diseases totalled €488,367 in 2018.

(d) Local purchases

The proportion of purchases from local companies is also a strong indicator of the contribution of the Group and its companies to the economic and social fabric of the regions.

This proportion, measured by the amount of purchases from VSE-SMEs in relation to the Group's total purchases, was 36% in 2017 [(1)] (France); this figure excludes insurance purchases, *i.e.* excluding the purchase of services from repairmen, craftsmen, etc., which also contribute very strongly to the economic and social fabric of the territories. This contribution is included in the amount of benefits paid indicated in the introduction to section 2.7., including €4.5 billion for property and casualty insurance as of 31.12.2018 (excluding management fees).

4.2.2.8 Taking action to preserve the environment

Significant events

- reduction of paper consumption thanks to a general goal of making mass publications electronic (-12.7%), reducing unnecessary printing (-16.4%), and reducing the distribution of marketing materials (-20.3%);
- final assessment of Happy Cleaning's operations (June 2018): 163 tonnes of waste collected and recycled;
- Groupama insurance solution for the BioBeeBox prototype, an urban micromethanation unit, thus promoting direct distribution;
- announcement of the withdrawal from coal and fossil energy industries in our investment policy: the Group is no longer investing and is now gradually withdrawing from any company whose revenue or energy production mix is more than 30% based on coal or for which oil sands represent more than 15% of total reserves. In addition, the Group intends to invest €1 billion over three years in financing the energy transition;
- Groupama Immobilier, the first property management company certified ISO 14001 for the management company and all the managed assets;
- CO_2 stored by Groupama forests: more than 10 million tonnes;
- the work at the Valnes site (Groupama Loire Bretagne) was completed at the end of 2018 and is expected to save nearly 36,000 kW/h starting in 2019.

By relocating their headquarters, Groupama Emeklilik (Turkey) and Sigorta (Romania) drastically reduced their electricity consumption from 1,346,910 kWh in 2017 to 770,561 kWh in 2018 (43% decrease).

(a) General environmental policy

Aware of its responsibility in terms of indirect or direct impacts:

- the Group has developed incentives with regard to the environment with its customers and suppliers for several years, through its insurance offerings, its prevention and awareness actions, its SRI products, and its purchase contracts;
- furthermore, we are convinced that we can also improve our direct impacts particularly by reducing our CO_2 emissions, our paper consumption, etc. We are therefore continuing our efforts to achieve the goals that we have set in this area.

By virtue of our insurance business, the direct impacts of companies of the Group on the environment are limited: our businesses do not constitute threats to biodiversity, water or soil use. However, we have developed a policy to reduce our consumption (paper, water, energy) and our CO_2 emissions, motivated at the Group level by the CSR Department, in collaboration with Groupama Supports & Services (G2S). In addition to these in-house commitments and informing employees, the Group is aware of the role it can play in raising awareness about the protection of the environment, among its various stakeholders and particularly among its members and customers.

(1) Data known in February 2018 (N-1).

With regard to employees, communication/awareness efforts continued in the Group's companies through various actions. During the European Sustainable Development Week (ESDW, June 2018), information about the Group's annual CSR review and messages about economical use of resources were again distributed, particularly in the form of a serious CSR game, CiviTime (2,800 eco-friendly actions carried out). Badge recognition for printer use allows for more reasonable print management. The use of remote dialogue/meeting tools made available to employees of the companies – Hub Agile and Vydio (at the workstation) – allows travel to be reduced.

With regard to insurance, the prevention of environmental and climatic risks is thus fully integrated into the process for analysing and underwriting risks of professionals (including in agriculture), companies, and local authorities in order to help avoid or reduce the consequences of impacts of claims. For example, in the agricultural multi-risk offer, a score (on the prevention of risks of environmental harm and fire) has been put in place to recognise the efforts made in these areas and permits a reduction/discount of the insurance premium (such as the presence of a retention basin on hydrocarbon tanks or firefighting equipment, for the risk of heat pollution).

With regard to property assets, in anticipation of the 2015 Energy Transition Act, Groupama Immobilier (a subsidiary of Groupama Assurances Mutuelles that manages for its principals an asset base valued at €3.2 billion[1]) signed the charter for energy efficiency of commercial buildings in 2014. In 2018, the subsidiary also signed the charter for the Development of Biodiversity in the City.

As part of the ISO 14001 certification, Groupama Immobilier undertook the carbon calculation of its activities as well as the managed assets.

Groupama Immobilier put several actions in place:

- establishment of an energy mapping of commercial buildings consuming the most energy;
- establishment of a programme for energy and water metering and consolidation of these data in a SaaS, including consumption by building users. The scope concerns 65 commercial buildings in its asset base heritage in order to develop energy and water conservation strategies for the asset base (Deepki programme). This allows Groupama Immobilier to anticipate future regulations on the aspects;
- a new Environmental Works charter, which sets out all its environmental strategies for all works carried out for the managed asset base. Implementation is handled as part of renovation projects by all the environmental project management service providers, the Project Manager, the technical studies firm, the companies, etc. The Green Works Environmental charter informs contractors of the significance of the impact of works on the environment and implements an environmental policy in line with the Grenelle I and II laws.

As much as possible, HQE (High Environmental Quality) and BREEAM initiatives always sought for acquisitions and/or new construction or restructuring as well as "operating" HQE or BREEAM for all commercial properties in the portfolio. The environmental certification rate is 22% (in area) for commercial buildings managed in 2018.

In corporate real estate, all new signed leases are "green", *i.e.*, each Party commits to an action programme regarding consumption (energy and water). Within this framework, energy diagnostics and periodic meetings, called "green committees", have begun to be initiated with tenants. In addition, for three years, Groupama Immobilier has developed new tools and approaches to disseminate and share responsible attitudes (green booklet, welcome booklet, etc.).

Groupama Immobilier's environmental strategy is described in "2015-2018 Sustainable Prospects", which presents the 12 indicators monitored for commercial property. The subsidiary's contribution to a sustainable city is maintaining its property assets, mainly in Paris, by respecting their history but also by innovating during their revaluation as part of responsible management. This document for 2019-2021 is being drafted.

In addition, our Datacenter IT centres in Bourges and Mordelles monitor the good practices of the Green Grid, and a majority of our companies have carried out their BEGES (greenhouse gas emissions assessments).

Regarding protection of the environment, our employees are regularly informed of environmental issues, particularly through the European Sustainable Development Week, the existence of a manual of environmentally friendly actions in the office and the distribution of an Eco Pass Responsible Events charter allowing internal communicators to organise their events with the greatest respect for the environment. One-off actions supplement these recommendations, such as campaigns to raise awareness of eco-driving or the establishment of car-pooling in certain entities.

Note that the three new buildings of Groupama Campus in Nanterre were restored in 2017-2018 as part of a renovation project using the HQE® approach (June 2015 reference standard) and BREEAM (*e.g.* LED lighting with presence detection including for 2/3 of the parking lights, optimised water management, etc.). In terms of operating property, the next Campus buildings (WP6) and new works will be in line with this dynamic.

(b) Circular economy

Prevention and management of waste

The Group's service business activities do not directly generate waste or pollution other than office waste. However, we wish to make progress in the recycling of such waste, particularly through selective sorting, already effective in several entities of the Group (in 2017-2018, the campus, Bordeaux, and Astorg sites).

(1) Assessment campaign at 31 December 2018.

Started in 2017 and continued in the first half of 2018, the "Happy Cleanings" operations carried out by the companies moving to Nanterre mobilised the employees to collect and recycle 163 tons of paper [(1)]. In addition, furniture and supplies have also been donated to charities for reuse and recovery.

Groupama Immobilier is also a founding member of the Circolab charity alongside other insurers. The members of Circolab [(2)] would like to form a community of committed public and private players in the circular economy within the real estate industry to encourage synergies, involved the various stakeholders, and prompts changes to regulations.

Groupama Immobilier has become involved with working groups thanks to its pilot and demonstration projects.

The profession is in the process of organising itself to bring about changes to regulations to promote the reuse of materials in construction, based on circular economy models.

Fight against food waste

The Group's entities themselves do not handle food services for employees (subcontracted corporate catering or restaurant vouchers). However, the Group's companies put in place action to combat food waste, such as a poster campaign within the Company restaurant, awareness-raising events on the subject during the European Sustainable Development Week, etc.

Sustainable use of resources [(3)]

PAPER CONSUMPTION

The Group's overall paper consumption went down by 20% (to 2,061 tonnes, -18.9%/FTE). The largest area of paper consumption is made up of local mailing (37%), followed by "reprographics/marketing and technical" documents (35%) and mass mailing (28%).

The Group is continuing to work towards paperless communication with customers (*via* customer pages on the website, emails, electronic document management – the EDM programme initiated in 2009 – paperless communication with local authorities, etc.) for long-term reduction of the physical sending of documents.

Office paper consumption is 27 kg/FTE, down 16.9%/FTE compared with 2017. Total "marketing and technical" paper consumption decreased by 26.9% in 2018/2017. Mass mailing paper consumption was down compared with 2017 (-11.4%/FTE).

The sharp decrease seen in the use of marketing and technical documents is explained in particular by the implementation of "print on demand" by Groupama Supports & Services to better manage the printed quantities, but also by using lighter-weight paper for certain entities (Gan Assurances and Groupama Centre-Atlantique).

Office and "marketing and technical" paper consumption has decreased by 64.2% since 2011, a decrease of 57.3% per FTE.

Continued deployment of the "pull printing" local mailing solution, which has already contributed to a decrease of 4.3 million pages between 2017 and 2018.

Making building plans electronic (agricultural, for insurance files, or for property assets like Expertissimo) – on a tablet – not only limits the use of paper but also saves time in reporting a claim as well as easier, more secure archiving of data. A "zero inventory" system has been established for certain documents: only the quantities ordered by the entities are printed.

Details of the different types of paper consumption:

	2017	2018	2018 scope *(%)*
Consumption of office paper *(tonnes)*	931.74	763.78	99.21
Consumption of office paper per person *(kg/FTE)*	30.36	27.02	
Consumption of marketing and technical documents *(tonnes)*	984.78	719.41	99.21
Consumption of marketing and technical documents per person *(kg/FTE)*	34.36	25.45	
Consumption of mass publishing *(tonnes)*	661.58	578.18	99.21
Consumption of mass publishing per person *(kg/FTE)*	23.09	20.45	

(1) Source: G2S, final results as of June 2018.

(2) http://circolab.eu/

(3) Since 1 January 2017, G2S no longer manages train and plane ticket orders for business travel or office paper orders for other group entities. As a result, each entity has taken over its own management.

WATER CONSUMPTION

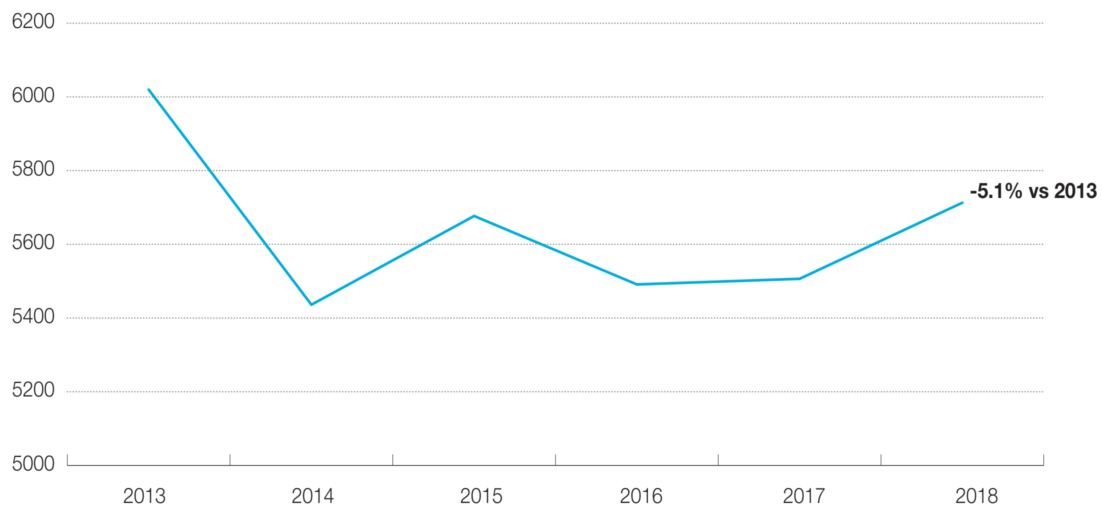
The Group's business activities do not require water outside of the everyday consumption of its office buildings. In this context, "water prevention" campaigns intended to reduce consumption are regularly conducted with the entities' employees.

Water consumption at the Group level was up compared with 2017 (+22.2% overall). This increase is surely due to several factors: intense heat, damage on the network, and restatements of year n-1 data.

ENERGY CONSUMPTION

Energy consumption was up with a 2.7% increase in overall consumption between 2017 and 2018. Electricity, the largest source of energy consumption (+0.9% per FTE), has been stable. The decline in fuel oil consumption (-12.5% per FTE) continued, confirming the Group's desire to move away from this fuel. Winter 2018, especially the February cold wave, and the data not available in 2017 explain the increases in heat consumption (+32.2%, but heat represents 4% of the Group's total consumption) and gas consumption (+1.7%, the main source of energy after electricity).

CHANGE IN OVERALL ENERGY CONSUMPTION SINCE 2013 (KWH/FTE)



For several years, the Group has implemented many measures to reduce its consumption levels, including establishing free cooling in the Mordelles Datacenter, decreasing the temperature set points in offices and systematically turning off office lights outside of hours of occupation for most of the buildings managed by G2S.

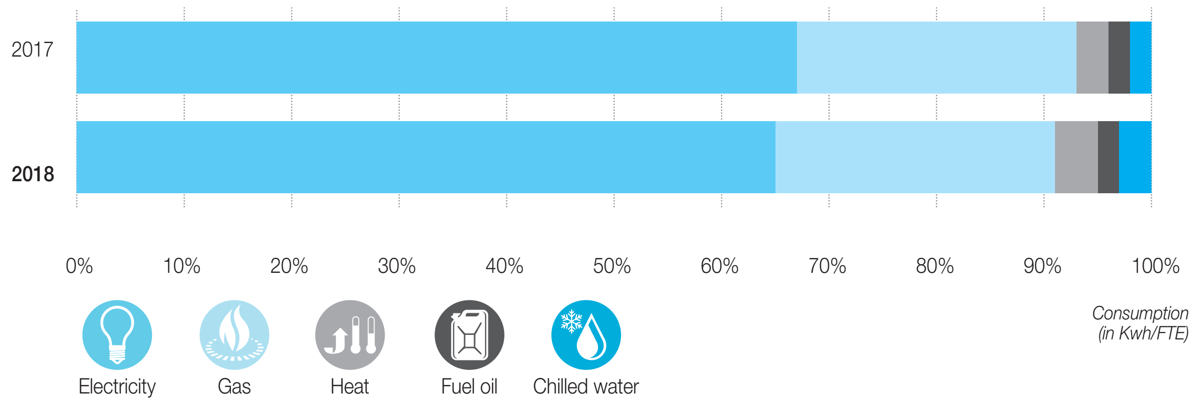
In addition, by virtue of its insurance businesses, the Group is not affected by the issue of soil use.

Use of renewable energies: see methodological note.

Details of the different consumptions

	2017	2018	2018 scope *(%)*
Water consumption *(m³)*	266,285.8	325,682.12	90.06
Water consumption per person (m³/FTE)	*10.03*	*12.69*	
Total energy consumption *(kWh)*	**154,392,578.40**	**158,598,772.54**	
Total energy consumption per person *(kWh/FTE)*	***5,506.41***	***5,712.88***	
Electricity consumption *(kWh)*	102,055,365.6	102,671,985	96.64
Electricity consumption per person (kWh/FTE)	*3,680.18*	*3,728.92*	
Gas consumption *(kWh)*	40,438,180	41,116,482.34	99.21
Gas consumption per person (kWh/FTE)	*1,411.04*	*1,454.59*	
Fuel oil consumption *(kWh)*	2,834,328.16	2,499,498.50	99.21
Fuel oil consumption per person (kWh/FTE)	*98.90*	*88.43*	
Heat consumption *(kWh)*	4,907,243.4	7,077,479.70	97.11
Heat consumption per person (kWh/FTE)	*171.23*	*255.81*	
Chilled water consumption *(kWh)*	4,157,261	5,233,327	99.21
Chilled water consumption per person (kWh/FTE)	*145.06*	*185.14*	

CHANGE AND COMPOSITION OF ENERGY CONSUMPTION



(c) Climate change

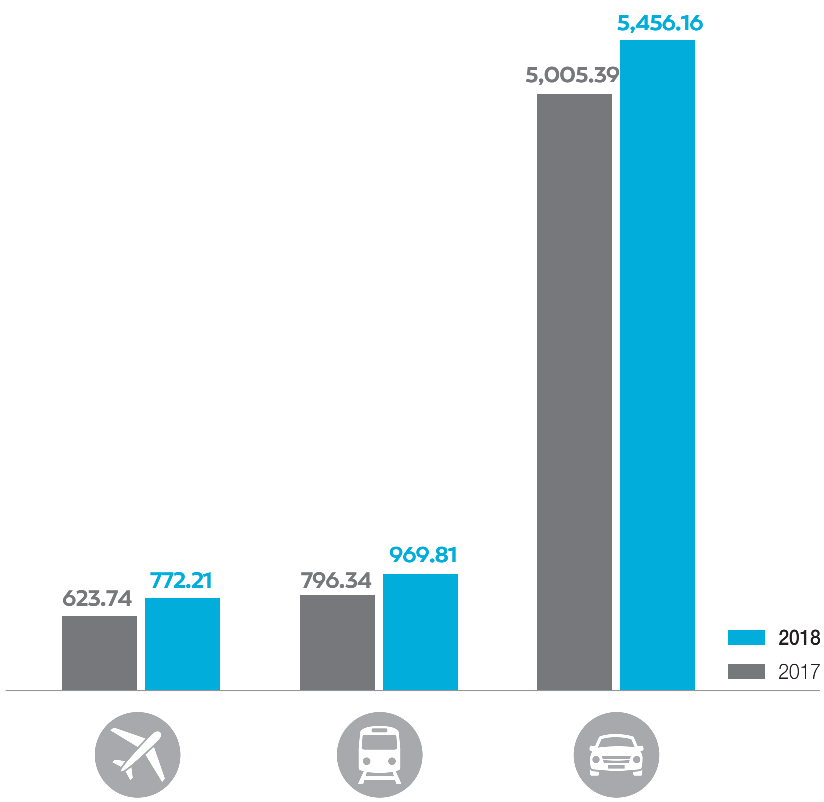
As part of its CSR strategy, the Group is committed to reducing its CO_2 emissions and fighting climate change, both through its organisation and by encouraging the eco-friendly behaviours of its stakeholders through innovative initiatives.

In its organise, the levers considered to achieve this end pertain to energy consumption, business travel (including the fleet purchasing policy), and paper consumption. The Group's CSR team drives this goal by sharing information and promoting community actions, especially through the sharing of best practices and together with the Logistics working group.

Detail of the various types of business trips

	2017	2018	2018 scope *(%)*
Business travel by plane *(km)*	17,875,410.68	21,827,810.3	99.21
Business travel by plane per FTE (km/FTE)	*623.74*	*772.21*	
Business travel by train *(km)*	22,821,932.18	27,413,479.14	99.21
Business travel by train per FTE (km/FTE)	*796.34*	*969.81*	
Business travel by car *(km)*	143,446,199	154,228,026	99.21
Business travel by car per FTE (km/FTE)	*5,005.39*	*5,456.16*	
Total business travel by train, plane and car	184,143,641.86	203,469,315.44	99.21
Total business travel by train, plane and car per FTE	***6,425.47***	***7,198.18***	

CHANGE IN BUSINESS TRAVEL IN KM/FTE BETWEEN 2017 AND 2018



Business travel increased in 2018 (+12% per FTE).

Travel by train and plane increased exceptionally between 2017 and 2018 (mileage increased by 22.1% by plane and 20.1% by train in 2018). This increase should be put into perspective, given that travel by car still accounts for the largest share of total mileage (76%, compared with 13% for train and 11% for plane). Car travel also increased significantly between 2017 and 2018, which is explained by a greater amount of sales travel, which is a good sign intrinsically (+9% per FTE in 2018, after +2.65% in 2017).

For reasons of security, costs, and reducing its environmental footprint, the Group regularly encourages its employees to travel less when possible, raises their awareness on the use of video conferencing to reduce travel, and urges them to use "clean" or "green" means of transport.

In 2018, some of the Group's companies began implementing "company travel plans" to optimise employee mobility and reduce the use of private cars.

With regard to fleets (around 5,000 vehicles, mainly in diesel), they are renewed every two years and therefore contain the models with the lowest fuel consumption and emissions. A few electric vehicles were introduced on an experimental basis into the fleets of certain companies (regional mutuals, G2S, Mutuaide, etc.). The introduction of petrol models and the use of on-board telematics are under consideration. At this stage, Groupama favours small, low-emission diesel engines. Its average CO_2 emissions are less than 90 g/km across the entire fleet.

CO_2 emissions related to our operations

Total CO_2 emissions per person (FTE) increased in 2018, (+6.3% compared with 2017) to 1.72 tonnes of CO_2 equivalent (tCO_2-eq) per FTE – the Group total having increased by 4.5% to 48,340 t CO_2-eq. (Details according to the three GHG Protocol scopes in the tables below).

The increases in consumption and travel are not proportional to the increase in CO_2 emissions, given that the most significant reductions are made internationally where the CO_2 emission factors are highest.

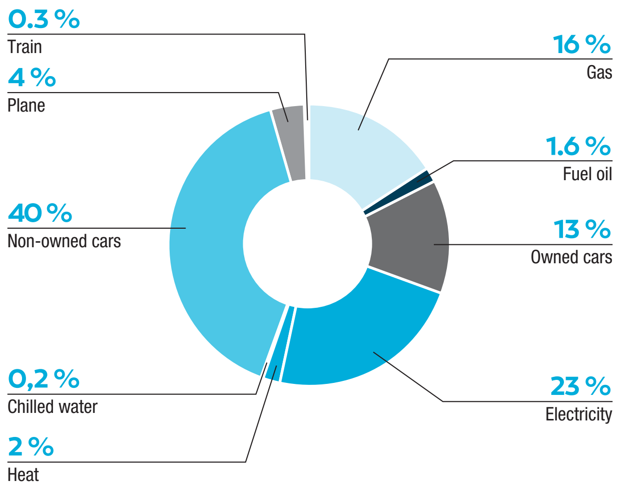
CO_2 emissions for the 2018 reporting period according to the three scopes defined by the GHG Protocol and according to the operational control consolidation method

Direct emissions – Scope 1 *($TeqCO_2$)*	**2017**	**2018**	**2018 scope** *(%)*
Direct CO_2 emissions related to gas boilers	7,456	7,570.74	99.21
Direct CO_2 emissions related to gas boilers per FTE	0.2620	0.2678	
Direct CO_2 emissions related to gas boilers	770.93	679.86	99.21
Direct CO_2 emissions related to gas boilers per FTE	0.0268	0.0240	
Direct CO_2 emissions related to business travel in owned land vehicles	6,026.69	6,444.44	99.21
Direct CO_2 emissions related to business travel in owned land vehicles per FTE	0.2118	0.2279	
Total direct ghg_01 emissions	**14,253.63**	**14,695.03**	**99.21**
Total direct ghg_01 emissions per FTE	***0.5007***	***0.5198***	

Indirect emissions – Scope 2 *($TeqCO_2$)*	**2017**	**2018**	**2018 scope** *(%)*
Direct CO_2 emissions related to electricity consumption	10,404.55	9,600.10	99.19
Direct CO_2 emissions related to electricity consumption per FTE	*0.3647*	*0.3487*	
Direct CO_2 emissions related to heat consumption	1,095.78	1,580.40	99.19
Direct CO_2 emissions related to heat consumption per FTE	*0.0382*	*0.0571*	
Direct CO_2 emissions related to chilled water consumption	138.43	174.26	99.19
Direct CO_2 emissions related to chilled water consumption per FTE	*0.0048*	*0.0062*	
Total indirect ghg_02 emissions	**11,638.77**	**11,354.77**	**99.19**
Total indirect ghg_02 emissions per FTE	***0.4077***	***0.4120***	

Indirect emissions – Scope 3 *(TeqCO₂)*	**2017**	**2018**	**2018 scope** *(%)*
Direct CO_2 emissions related to business travel in owned land vehicles	18,294.12	19,774.33	99.21
Direct CO_2 emissions related to business travel in owned land vehicles per FTE	*0.6383*	*0.6995*	
Direct CO_2 emissions related to business air travel	1,909.90	2,335.58	99.21
Direct CO_2 emissions related to business air travel per FTE	*0.0669*	*0.0826*	
Direct CO_2 emissions related to business air travel	153.65	180.8	
Direct CO_2 emissions related to business air travel per FTE	*0.0053*	*0.0063*	99.21
Total indirect ghg_03 emissions	20,357.68	22,290.71	99.21
Total indirect ghg_03 emissions per FTE	*0.7106*	*0.7890*	

SOURCE OF CO_2 EMISSIONS PER FTE IN 2018



Climate change: offerings and investments

Although there is currently no method for measuring emissions caused by the insurance offerings (products and services), it is worth mentioning for this fiscal year a whole series of adapted and innovative insurance solutions offered by the Group that contributed to the fight against climate change or intended to mitigate its consequences for its members and customers.

"ECO-FRIENDLY" PRODUCTS AND SERVICES: BY ENCOURAGING NEW BEHAVIOURS OR FAVOURING CERTAIN EQUIPMENT, THE OFFERINGS OF GROUPAMA COMPANIES CONTRIBUTE TO THE PRESERVATION OF THE ENVIRONMENT AND THE CLIMATE

- in motor insurance, products with behaviour-based pricing, which encourage safer driving and result in lower fuel consumption, continue to develop with the extension throughout the Group of the "Pay how you drive" principle through the Groupama On Board insurance and application (for young drivers). Amaguiz has also developed, as part of the Renault Assurances partnership, specific insurance and a mobile app for Renault policyholders of the new electric car Zoé (Renault Assurances Connectées). These policy holders can download the app for free and receive personalised advice on their driving, allowing them to save up to the equivalent of 36% of the annual premium;
- Centaure's eco-driving training: the eleven Centaure centres are an important relay for Groupama's prevention actions as regards its members as well as businesses and the general public. They offer eco-driving modules among their range of post-licence training;
- the policy of repairing – instead of replacing – damaged auto parts allowed 33.2% of bumpers and shields to be repaired in 2018 (33% in 2017). This policy reduces our CO_2 emissions and production of waste;
- in multi-risk home insurance, the offerings include cover for home equipment producing renewable energies as well as, for the last 10 years, an environmentally friendly "new for old" programme for household appliances requiring replacement;
- for professionals, including those in agriculture, Groupama offers cover for activities involving the production of renewable energies and bioenergies, such as methanisation. In 2017, Groupama Assurances Mutuelles and the French association of biogas farmers signed a partnership agreement aimed at developing and sustaining the agricultural biogas sector. Groupama has been providing biogas production units since 2008. The recognised quality of its participants (underwriting and risk engineering) enables it to develop specific advice and monitoring to manage risks related to methanisation. In 2018, Groupama launched the first urban micromethanation unit insurance (in Bordeaux and Lille), thus promoting direct distribution.

Note that the group's joint venture in China (Groupama AVIC) provides 700,000 yaks for nomadic herders, who benefit from a system that helps combat overgrazing.

BETTER PREVENTION AND COMPENSATION IN THE FACE OF CLIMATE CHANGE

- multi-risk climate insurance for crops allows farmers to protect their crops. 2018 was comparable to 2017, with €187 million in compensation paid.

  For 10 years, this cover, jointly constructed with farmers by Groupama, has made it possible to test out this type of protection for 10 years. Since 2015, the Group has marketed a new form of this offer – which the Group helped to define at the national level – in the form of a base policy against setbacks and options, with the objective of offering to a maximum number of farmers the possibility of covering their operational expenses at a limited financial cost. To expand the cover to all production, a policy for Prairies was created in 2016. Groupama is actively involved in the effort to educate and encourage farmers to sign up for these options, which still have too few subscribers. It will be a pillar in the field of risk management tools of PAC 2020;
- Groupama has partnered with Exo Expert and Airinov to support the development of drones, in the protection of risk and the deployment of new services to farmers. The developed services will enable Groupama to optimise the performance and quality of insurance benefits, such as close monitoring of the situation of crops, damage suffered, or the effective identification of areas affected by a climate event;
- the prevention and alert services of Predict, a subsidiary of Météo France, are now accessible to all customers of the Group. The Groupama-Predict mobile app allows customers to receive messages about key information to anticipate and manage a weather hazard;
- the concept of environmental damage was introduced in the French Criminal Code in 2016, and Groupama will prepare its customers and members, including farmers, for this new responsibility, which will be incorporated into environmental liability.

Groupama organised climate risk conferences in 2018: conferences for the general public, during the General Meetings or presented by journalist Louis Bodin for example, or technician conferences, such as the convention for the Group's climate experts, to discuss the latest innovations (15/02/2018).

Responsible asset management – especially in the consideration of climate change limitation goals – is addressed in the report under Art. 173, published for the second time in June 2018, available at groupama.com. The data will be as of 31 December 2017 [1]. This report provides a measure of the carbon footprint of our portfolios. It aims to identify the most contributing sectors.

At the same time as the COP 24, the Group reaffirmed its desire in December 2018 to support the ecological and energy transition to a less carbon-based economy.

As a mutual insurer and responsible investor, Groupama makes climate change one of the pillars of its everyday commitment.

The Group no longer invests in and is gradually withdrawing from any company whose revenue or energy production mix is more than 30% based on coal. With regard to fossil fuels, the Group is committed to not investing in any company whose oil sands account for more than 15% of total reserves.

In addition, the Group intends to invest €1 billion over three years in financing the energy transition.

(d) Protection of biodiversity

In 2018, Groupama Immobilier signed the charter for the Development of Biodiversity in the City, thereby committing to consider biodiversity issues upstream of projects and drive performance on this target and on global certifications, communicate on the implemented actions, and raise awareness among citizens.

The Group is one of the leading private owners of forests and the number 2 insurer of forests in France. These forest assets, measuring 21,000 hectares, represent one of France's largest "green belts".

All forests managed by Groupama Immobilier (29 forest areas) are PEFC-certified (certification guaranteeing sustainable management of wood resources in forests). This certification defines strict rules for operating and work sites within the framework of sustainable forest management. In particular, these rules aim to exploit forests while respecting the soil, water, fauna, and flora.

Groupama is a pioneer in assessing forest carbon storage. In 2015, a study conducted on behalf of Société Forestière Groupama demonstrated for the first time that the forests played a carbon sink role. They contributed to the reduction of France's net CO_2 emissions (see data below). These carbon amounts have been stored in SFG's forests or have been avoided through the use of wood products from its forests. This study is updated annually.

Two forest acquisitions were completed in 2018 (in Aude and at the end of the year in Lot-et-Garonne).

(1) Data at 31 December 2018 available in the June 2019 report.

Study data for 2018:

(source: EcoAct and If Consultants for SFG)

SFG forest carbon stock: 10 million t of CO_2 on 20.933 ha

Annual increase in CO_2 stored (balance between planting and cutting + storage of biomass): +352.337 t

CO_2 emissions avoided: 39,658 t by the use of sold wood

To be compared with:

47 KT CO_2-eq. emitted by the Group's operation in 2018 (combined scope)

More broadly, our policies contribute directly to the protection of biodiversity with the reduction of paper consumption and CO_2 emissions.

(e) Reduction of carbon emissions [indicator]

The Group set a goal of reducing its emissions by 18% per FTE by 2018, compared with 2013 (excluding carbon emissions indirectly linked to offerings and investments); this target was calculated particularly according to assumptions of renewal of the auto fleets [1] with the same configuration, which allows the emissions of the models to be measured.

This figure increased by 4.5 % compared with the previous fiscal year. However, since 2013, the change in emissions is -7.1 %.

Business travel, especially the use of cars, represents the largest area of CO_2 emissions (cars accounted for 53% of the Group's total emissions per FTE in 2018) and is now the main factor of reduction. The deployment of Corporate Travel Plans, pursuant to the French energy transition law and the future French mobility law, will be able to be one of the levers.

4.2.3 OUR ETHICS

The Group's professional ethics are based on values drawn from mutualism and are reflected in how it carries out its businesses and its responsibilities towards employees, members, and customers and, more generally, with all stakeholders (third parties, communities, etc.). Strict adherence to these ethics and the laws and regulations is part of the goal of best serving our members and customers, reducing our risks, and contributing to the long-term development of our company.

4.2.3.1 Promotion of and compliance with the stipulations of the ILO fundamental conventions

The Group reiterates its commitment to respect the stipulations of the International Labour Organization (ILO) fundamental conventions in its ethics charter, deployed in all of its companies and brought to the knowledge of all of its employees. The ethics charter also recalls that the Group fully adheres to the recommendations or commitments made by the Universal Declaration of Human Rights and the European Convention of Human Rights, the OECD Guidelines for Multinational Enterprises, the ten principles of the UN Global Compact, and the EU charter of Fundamental Rights.

(1) Group Executive Committee memo of April 2014.

4.2.3.2 Group ethics charter, code of conduct, and ethics alert system

The Groupama group's ethics charter was drafted in 2008. It was appended to the Internal Regulations of the Group's companies in accordance with the procedures for informing and consulting the employee representative bodies (Group Committee and European Works Council, WHSC, Works Council, labour inspectors, registries of labour tribunals, and posting). Lastly, it was distributed in 2009-2010 to all employees (electronically and posted on the Group's intranet) as well as to the multi-line agents of Gan Assurances, the representatives of Gan Patrimoine, and the secretaries/representatives of the regional mutuals. It was amended for the first time in 2014-2015.

The main objective of the ethics charter is to unite and mobilise employees around its values of proximity, commitment, performance, and solidarity. It defines the Group's commitments in terms of ethics, such as:

- acting in respect of the confidence given to us by our members and customers;
- promoting the development of the individual and group talents of employees;
- demonstrating our vocation as a socially responsible player, showing solidarity.

These commitments are set forth in rules of conduct to be adopted by employees. In particular, they are required to show proof of integrity and loyalty in carrying out their duties, both inside and outside their company when they represent it, and are prohibited from any act of active or passive corruption. The ethics charter also defines the responsibilities of the ethics committee, made up of the Group's senior Directors, which meets twice per year (see point 4.2.2.2.).

The measures required by the laws promulgated in late 2016 and in 2017, respectively Sapin 2 (prevention/detection of corruption and influence peddling) and Duty of Care (prevention of violations of human rights, fundamental freedoms, health and safety of persons, and the environment), led the Group to continue its work in 2017 to modify its ethics charter, create a separate code of conduct, and provide for an ethics alert system. The finalised elements were communicated to employees at the Group level in December 2018 following the information/consultation process with the employee relations bodies of the companies during the year.

The new system is now as follows:

- the ethics charter reflects the essence of the values and commitments adopted by the Group;
- the code of conduct lists the rules for all employees in their activities as well as the ethics alert system;
- the ethics alert system in place (with each company of the Group) concerns the right of all collaborators (employees, officers, or multi-line agents as well as external and occasional collaborators) to use a dedicated email address to report information about the following areas to the authorised persons of their company (the head of the Compliance Verification Function or the Compliance Officer):
  - corruption, influence peddling,
  - violations of human rights and fundamental freedoms,
  - harm to the environment,
  - internal fraud,
  - crimes or offences,
  - threat or severe harm to the public interest.

The ethics charter and the code of conduct, appended to the Internal Regulations, are legally binding documents. They apply to all companies of the Group, both in France and internationally.

This ethics system set up in the Group meets the obligations of the Sapin 2 law and the law on the duty of vigilance of parent and instructing companies.

4.2.3.3 CSR commitments in relations with subcontractors and suppliers

In application of The Ten Principles of the UN Global Compact and the diversity charter, CSR commitments have been integrated into the Group's purchasing policy, including a purchasing ethics charter, which has been incorporated into the Internal Regulations of Groupama Assurances Mutuelles. It discusses three aspects in particular: consideration of methods of manufacture of materials, the behaviour of suppliers in respect of these methods of manufacture, and the supplier's compliance with the labour law and the rules of the ILO.

Groupama has signed the inter-company charter, which particularly favours long-term relationships with SMEs, incorporation of CSR criteria in the choice of suppliers and consideration of the territorial responsibility of a large group.

In addition, in our calls for tenders, we ask our suppliers, as part of the Supplier CSR charter specific contractual clauses, to declare whether they respect the principles of the ILO, the Universal Declaration of Human Rights and the charter of the Global Compact (working conditions, respect for the environment, ethics), and we encourage them to adopt eco-responsible behaviour (product design, staff training, routing, waste management). A "CSR" clause is inserted into the contracts.

Purchases made by the Group relate mainly to four areas:

- IT and telecommunications;
- intellectual services (strategy consulting, HR consulting, training, marketing, travel, etc.);
- general resources (management of the building overall: construction, service for occupants, etc.);
- insurance purchases.

4.2.3.4 Compliance

Groupama has a group compliance policy, validated by the Board of Directors of Groupama SA (now Groupama Assurances Mutuelles), in order to ensure that the practices of the Group's components are consistent with all laws and regulations as well as the standards enacted by the supervisory authorities and professional practices.

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

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

The Group Compliance policy applies to all companies of the Groupama group both in France and abroad, respecting the rules of proportionality (nature of activities and associated risk policy, size, workforce, etc.) as provided for in Directive 2009/138/EC, regardless of whether they are subject to Solvency 2 or to any equivalent legislation/regulation. This policy also takes into account the provisions of the Insurance Distribution Directive (IDD) and the Sapin 2 and Duty of Care laws. The measures to implement these laws are mentioned in the Risk Management section of the registration document.

The "Compliance Verification" function is independent of operational activities and reports directly to a member of the Steering Committee who does not carry out any operational function within the entity to which he or she belongs. The function meets the criteria of skills and good character and is the subject of a notification to the ACPR. The function is subject to a duty to alert the governance bodies of the Group and the Group's companies as well as to the supervisory authorities.

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

Compliance essentially covers the themes pertaining to the Group's core business, *i.e.*, non-life insurance, life insurance, asset management, and real estate governed particularly by the insurance, monetary and financial, consumer, and commercial codes, the General Regulation of the AMF, as well as the regulations from the supervisory authorities to which these activities are subject. More specifically, it covers:

- the protection of customers;
- the fight against money laundering and terrorist financing;

- respect for ethics and professional conduct, particularly the management of conflicts of interest, the fight against corruption and influence peddling, and the duty of care of parent companies;
- the protection of personal data and in particular medical data.

In 2017, the Group's compliance policy was reinforced to incorporate the measures required by the Sapin 2 law (prevention/detection of bribery and influence peddling) and the law on the Duty of Care of parent companies and ordering companies (prevention of violations of human rights, fundamental freedoms, health and safety of people, and the environment, especially for subcontracting and suppliers). At the Group level, the overall implementation of anti-corruption measures is managed by the Group Compliance Department, with the assistance of the Group Legal Department and the Group Human Resources Department.

4.2.3.5 Personal data protection

The Group's code of conduct specifies that the Group's companies must ensure that any collected and processed personal information does not infringe privacy or individual freedoms. The companies are also committed to respecting the rights of the individuals concerned and taking all necessary measures to protect confidentiality.

In 2007, Groupama decided to designate a CIL for the Group whose duties are defined by law, consisting particularly of establishing and maintaining the list of data processing in force within the Group's companies, advising, training, ensuring compliance with the relevant regulations (*a priori*, *a posteriori*), whistleblowing, and managing the rights of individuals. This function maintains relations with the CNIL.

Since the GDPR came into force on 25 May 2018, the Group CIL has given way to the France DPO (Data Privacy Officer), who also takes over the duties of the Group CPO. In anticipation of the entry into force of the General Data Protection Regulation in 2018, the Group appointed a Group Corporate Privacy Officer (CPO) in 2016. The interest in this designation lies mainly in the introduction of management and coordination of "Personal Data" governance at the Group level, by capitalising on the framework for governance of personal data implemented in France by the CIL (DPO France), thus reducing the risks. Each international subsidiary has also designated a DPO with its national supervisory authority.

The France DPO (& Group CPO), assisted by his/her team, fulfils this role and performs these duties for all companies of the Group. The function of Pooled France DPO is independent by law and reports to the General Secretary, a member of the Steering Committee. It meets the legal and regulatory requirements governing the conditions for designation of a DPO and has been designated with the CNIL. This function is subject to a whistleblowing duty and must report on activities by preparing an "annual activity review" presented to the data controller and held available for the CNIL.

With regard to personal data, compliance control is one of the duties carried out by the France DPO & Group CPO and his/her teams. The compliance of personal data processing covers not only the above topics pertaining to the Group's core business (non-life insurance, life insurance, asset management, real estate, etc.) but also all other topics as long as personal data are concerned (*e.g.*, human resources, video surveillance devices, service activities, etc.).

On 24 May 2018, the CNIL issued 28 "Personal Data Governance" labels to the Group's French companies having shown that they were prepared for the implementation of the GDPR. It is a mark of strong trust for our members, customers, employees, and partners.

4.2.3.6 Fight against money laundering and terrorist financing

The fight against money laundering and terrorist financing (AML/CFT) is an important issue for the Group's companies subject to such regulations.

In this context, coordination at group level and a network of AML/CFT Managers in the insurance subsidiaries (in France and internationally) and the Financial Division, as well as in the regional mutuals, has been established. This is managed by the Group Legal Department and involves regulatory compliance, regular meetings and newsletters, quarterly reporting and semi-annual updates for the Group's Executive Management, and an annual report to the Board of Directors of Groupama Assurances Mutuelles on actions taken within the Group.

This structure also includes a central committee for guidance and monitoring of the fight against money laundering and terrorist financing (AML/CFT) within the Group. This committee is responsible for monitoring and coordinating the actions carried out by the various functions and entities involved in this area.

An AML/CFT organisational chart defines the roles and responsibilities of the various participants and stakeholders at the level of the Group and each operational entity concerned, describes the mechanism in place with respect to informing and training employees, determines the methods and conditions for exchanges of information required for the exercise of vigilance, and specifies the system to be applied for AML/CFT risk management.

In particular, 2018 was devoted to reinforcing the system and making upgrades as part of the transposition of the "Fourth Anti-Money Laundering Directive" into French law.

4.2.4 TABLE OF CONCORDANCE AND METHODOLOGICAL NOTE

4.2.4.1 CSR risks – Identifying risks to better control them

As mentioned in section 4.2.2.3., work on the mapping and assessment of the Group's CSR risks started in 2018 and will continue in 2019. The 2019 CSR report or DPEF will build on this work.

In the meantime, below we have provided a table of correspondence with the list of CSR risks identified in the CSR Reporting Guide for the insurance sector published in 2018 and produced by the FFA (Sustainable Development Committee). The 2018 edition of the guide does not propose indicators at this stage.

CSR risks	
Decreased attractiveness and increased customer volatility (due to unsuitable offerings, lack of advice, etc.)	§ 4.2.6.1. (a) and (b)
Significant increase in costs related to the decrease in the Company's resilience	§ 4.2.6.1. (c) and (d)
Fraud, money laundering, and corruption	§ 4.3.4., 4.2.3.6.
Cyber-risk	§ 4.2.2.5. (c), 4.2.6.2. (c) and (d), 4.2.3.5.
Inadequacy of skills with the changes in the business lines	§ 4.2.2.5. (c)
Deterioration of the social climate	§ 4.2.2.5. (e)
Lack of accessibility to insurance and widening of the protection gap	§ 4.2.6.2. (d)
Environmental and societal impacts of investments	§ 4.2.2.6. (e), 4.2.2.8. (c) and (d)

4.2.4.2 List of CSR information

The Groupama Assurances Mutuelles management report voluntarily presents the actions and directions taken by the Company to take into account the social and environmental consequences of its activity and to fulfil its societal commitments regarding sustainable development. The correspondence with the information presented by the regulations (mentioned in the order on the publication of non-financial information and its implementing decree of 2017, respectively in July and August 2017) is indicated below.

(a) Social information

Employment	
Total staff and the breakdown of employees by gender, age and geographic area	§ 4.2.2.5 (a)
Hires and redundancies	§ 4.2.2.5 (a)
Remuneration and its changes	§ 4.2.2.5 (a)
Organisation of work:	
Organisation of working time	§ 4.2.2.5 (c)
Absenteeism	§ 4.2.2.5 (c)
Employee relations:	
Organisation of the corporate dialogue; in particular, the procedures for informing and consulting the staff and negotiating with the staff	§ 4.2.2.5 (e)
Review of collective agreements, particularly with respect to health and safety at work	§ 4.2.2.5 (e)
Health and safety:	
Workplace health and safety conditions	§ 4.2.2.5 (c)
Assessment of agreements signed with union organisations or staff representatives regarding workplace health and safety	§ 4.2.2.5 (e)
Workplace accidents, particularly their frequency and severity, as well as occupational illnesses	§ 4.2.2.5 (c)
Training:	
Implemented training policies, including environmental protection	§ 4.2.2.5 (c)
Total number of training hours	§ 4.2.2.5 (c)
Diversity and equal opportunity/equal treatment:	
Measures taken to promote gender equality	§ 4.2.2.5 (b)
Measures taken to promote employment and inclusion of persons with disabilities	§ 4.2.2.5 (b)
Measures taken to fight discrimination	§ 4.2.2.5 (b)

(b) Environmental information

General environmental policy	
The Company's organisation to take into account environmental issues and, where appropriate, the approaches for evaluation or certification in environmental matters	§ 4.2.2.8 (a)
Resources devoted to the prevention of environmental risks and pollution	§ 4.2.2.6. (c), 4.2.2.8 (b)
Amount of reserves and cover for environmental risks, provided that this information is not likely to cause serious harm to the Company in a current dispute	No reserves
Pollution:	
Measures to prevent, reduce or repair of releases into the air, water and soil seriously affecting the environment	§ 4.2.2.8 (a)
Consideration of noise and any other form of pollution specific to an activity	§ 4.2.2.8 (a)
Circular economy:	
Prevention and management of waste	§ 4.2.2.8 (b)
■ measures for prevention, recycling, reuse, other forms of recovery and elimination of waste	
■ actions to combat food waste	
Sustainable use of resources	§ 4.2.2.8 (b)
■ water consumption and water supply based on local constraints;	
■ consumption of raw materials and measures taken to improve efficiency in their use;	
■ energy consumption, measures taken to improve energy efficiency and use of renewable energies	
Use of soil	N/A
Climate change:	
The significant areas of greenhouse gas emissions generated by the Company's business, including the use of the goods and services that it produces	§ 4.2.2.8 (c)
Measures taken to adapt to the impact of climate change	§ 4.2.2.8 (c)
Voluntary medium- and long-term reduction targets and implemented means to reduce GHG emissions	§ 4.2.2.8 (d)
Protection of biodiversity:	
Measures taken to develop biodiversity	§ 4.2.2.8 (d)

(c) Societal information, fight against corruption, human rights

Territorial, economic and social impact of the Company's business	
Jobs and regional development	§ 4.2.2.7.
Surrounding and local authorities	§ 4.2.2.7
Relations with persons or organisations concerned by the Company's activities:	
Conditions for dialogue with these persons or organisations	§ 4.2.2.6. (a), 4.2.2.7. (a)
Partnerships and corporate sponsorship	§ 4.2.2.7. (b), 4.2.2.7. (c)
Subcontractors and suppliers:	
Incorporation of CSR issues into the purchasing policy	§ 4.2.2.7. (d), 4.2.3.3.
Incorporation of CSR criteria into relations with suppliers and subcontractors	§ 4.2.3.3
Fair practices:	
Measures taken for consumer health and safety	§ 4.2.3.3
Fight against corruption:	**Sections 4.2.2. and 4.2.3**
Actions to prevent corruption and tax evasion	Sections 4.2.2. and 4.2.3
Promotion of and compliance with the stipulations of the ILO fundamental conventions:	**Sections 4.2.2. and 4.2.3**
Respect for the freedom of association and the right to collective bargaining	Sections 4.2.2. and 4.2.3
Elimination of discrimination in employment and professions	Sections 4.2.2. and 4.2.3
Elimination of forced or compulsory labour	Sections 4.2.2. and 4.2.3
Effective abolition of child labour	Sections 4.2.2. and 4.2.3
Human rights initiatives	**Sections 4.2.2. and 4.2.3**

4.2.4.3 Methodological note

This note is intended to provide a reminder of Groupama's CSR reporting methodology and to clarify certain points about the scope taken into account and the calculations made on certain indicators.

(a) Data collection

Collection process

The information published in the management report of the registration document of Groupama Assurances Mutuelles is collected thanks to the contributions of the Group's network of reporting correspondents.

Most of the environmental and societal data are reported by the entities concerned through SCOOP, a solution offered by Enablon and fully dedicated to the CSR reporting within the Group. The list of employees to the reporting is updated each year before the beginning of the reporting campaign, and training on the use of SCOOP and the reporting process in general is offered by the CSR and Internal Communication Department to employees where appropriate.

Certain environmental and societal data, by virtue of their specificity (when they relate to only one entity of the Group for example) or for practical reasons (difficulty of access to the tool, compliance with deadlines), are collected directly by the CSR and Internal Communication Department from the correspondents or departments concerned.

Regarding the social data collection process, the management report (consolidated scope) and the registration document (consolidated scope) are produced from several data sources depending on whether they involve:

- a French or international company;
- consolidated or non-consolidated indicators;
- indicators concerning data or populations managed or not in the corporate information systems;
- indicators that can be produced from data reported each monthly in a group infocentre called SIPGRH, only for certain French companies.

Set up in 2003, the *Système d'Information et de Pilotage Groupe de Ressources Humaines* (SIPGRH or Human Resources Group Steering and Information System) is the only HR database at the Group level. This infocentre is populated each month and contains 99.6% of the individual data of Group employees in France and 94% of the individual data of the Group including the international subsidiaries. Regarding the France scope, SIPGRH is populated each month with individual data of approximately 97% of the Group's employees coming from the personnel administration systems of the French companies and every quarter for the other French companies.

Given that the transmission and control of these indicators by a third-party organisation are new obligations, the CSR data collection process changes each year to take account of recommendations made by the statutory auditors, improve the quality of the transmitted indicators and increase the reliability of the published data.

In December 2015, a new tool called the datahub was implemented to securely collect individual information for small French structures and international subsidiaries. Each quarter they submit their file of data, which are formatted and verified in real time (when uploaded to the datahub), to comply with the existing management rules in SIPGRH. Once all verifications have been completed, the companies use the connection to send the file to the Group HR department, which transfers it to ADP after validation for loading into SIPGRH along with the other monthly files.

The data from all companies are available in a single environment, SIPGRH, and the Group HR Department can use a single tool to work with reliable, standardised data for the entire Group (or almost, as Asia is not involved).

It should be noted that around only twenty individual pieces of data are now taken into account for these companies: these are mainly contractual data particularly for monitoring staff and movements.

However, certain data or populations (disabilities, representatives/multi-line agents, temporary workers, etc.) are not systematically present in the infocentre. In such cases, the corresponding indicators are requested from the companies through an Excel template sent by email as the end of the year. The same is true for consolidated indicators, such as the number of work-related accidents and those related to training.

A single Excel template is now sent to the various contributors for the indicators corresponding to:

- number of representatives and multi-line agents by gender and workplace (inside or outside the Paris region);
- entries and exits of representatives and multi-line agents during the year;
- number of temporary worker days and amounts paid to temporary employment agencies;
- DADS gross payroll;
- volume of employer contributions;
- theoretical work week duration and number of overtime hours;
- number of employees working atypical hours;
- number of agreements signed during the year and theme of these agreements;
- number of days of absence by reason (only for companies that send data *via* the datahub);
- number of employees with disabilities as of 31 December as well as the ID numbers of the employee concerned and their education level;
- number of employees with disabilities recruited on permanent or fixed-term contracts as well as the number of employees concerned and their education level;
- number of promotions (only for companies that send data *via* the datahub);
- number of occupational illnesses reported during the year;
- number of workplace/commuting accidents with and without a work stoppage.

Concerning the professional training indicators and for the companies within the scope of management of the CAPEDIA community training tool, and now the LMS tool (gradually deployed with the Group companies), they are determined centrally by Group Training sector. For other French companies and International companies, they are included in the Excel templates. These three indicators are as follows:

- employees trained by gender and by category;
- training hours by gender and by category;
- costs of training.

These measures make it possible to reduce the burden on companies and the Group HR Department, reduce lead times, and, above all, make information more reliable, given that the processing is centralised.

With regard to the process of collecting environmental and social data, the CSR data collection process is improved each year, particularly by reinforcing the degree of precision required from employees upstream (specify the method of estimation or extrapolation used if such is the case, sending of attachments – invoices, meter readings, information received by service providers or suppliers in particular – supporting the reported results) and by refining the criteria for whether values are taken into account during the consolidation downstream (see paragraph – Data Consolidation and Publication), which improves the reliability of the published data.

In addition, improvements have been made on the basis of recommendations prepared by the statutory auditors:

- prevention: a working group of different reporting contributors helped to change the formulation and the definition of the indicator on prevention missions externally, in order to simplify the reporting of data by the entities;
- philanthropy: the definition of philanthropy excluding rare diseases was clarified to refine the scope of the indicator.

Reference source and definitions of indicators

The indicators collected and published in the CSR section of the management report were developed in accordance with Article R. 225-105-1 of the Commercial Code and consistent with the guidelines of Groupama's CSR strategy.

A Group Reporting Reference Standard in effect since fiscal year 2010 is updated each year. It clarifies the rules for collection, explains the operation of the software, and specifies in particular the scope taken into account.

The list of collected environmental indicators as well as the methods for calculating these indicators are defined in a glossary of definitions updated each year. The methods for calculating CO_2 emissions are also defined in this Reference Sources and carried out subsequently by the CSR and Internal Communication Department. The emission factors used come from the ADEME carbon database and are updated each year.

The collection of societal indicators is also based on a glossary of definitions updated for each reporting period and made available to employees before each new reporting campaign.

Reporting Period

The reporting period was determined in order to be able to meet the deadlines for verification and publication of the disclosures required by Article R. 225-105-1 of the Commercial Code.

As such, since 2012, the societal and environmental indicators have been collected by rolling year, from 1 November N-1 to 31 October N, *i.e.* from 1 November 2017 to 31 October 2018 in the present case. When it is impossible to obtain a data in advance for this period, an extrapolation by proportion or an estimate (according to the methods defined by the Reporting Reference Source or consistent with the values of previous years) may be performed, and the method used is specified by the employees.

It should be noted that two of the societal and environmental indicators are collected by calendar year: the Centaure Centre indicator and the responsible investment data.

As regards social information, it is collected over a calendar year, *i.e.*, from 1 January 2018 to 31 December 2018 in this case. Information related to absenteeism is reported on a rolling-year basis from December 2017 to November 2018.

(b) Reporting scope

The 36 entities that are part of the reporting scope published in the CSR section of the management report are those integrated and consolidated in the Financial Reporting of the Groupama Assurances Mutuelles registration document (see list in the Appendix).

The published environmental and societal information relates to 32 entities detailed in the Appendix (or 99.21% of FTEs as of 31 October 2018). For the four entities where the information was not collected (GAN IA Hong Kong, other property subsidiaries, GOM Pacifique, and Groupama Poistovna), it was decided not to include them in the consolidation of the information.

These same rules have been applied in the calculation of CO_2 emissions.

The social information pertains to the 36 entities on the list in the Appendix.

Policy of exclusion from the consolidated scope

Companies accounted for under the equity method in the accounting results are not taken into account in terms of social and environmental indicators, and Groupama AVIC Property Insurances Company, the Groupama group's subsidiary in China, was removed from the non-financial reporting scope in 2013 for a better balance between the consolidated financial and non-financial scope.

The distinction between consolidated scope and combined scope (including all group subsidiaries in France and abroad as well as the regional mutuals) during the environmental and societal data consolidation phase was made by the CSR and Internal Communication Department on the basis of reports generated by the SCOOP tool. The SCOOP tool makes it possible to collect data for the combined scope, which are then published in the annual report.

Since 2016, the GOM Antilles entity was removed from the consolidated scope because the information on GOM Antilles is now included in the financial statements of Caisse Groupama Antilles Guyane.

(c) Consolidation and publication of data

Consolidation process

All environmental and societal data reported by the employees are consolidated by the CSR and Internal Communication Department. The consolidation is preceded by a validation for each indicator and for each entity through the following checks:

- when the zero value is entered for an indicator, the CSR and Internal Communication Department asks the employees concerned to specify whether this is due to the fact that the indicator is not applicable to their entity (in this case, the entity is included in the consolidation of this indicator) or because the information is not available (in which case, the entity is excluded from the consolidation of this indicator);
- comparison of N and N-1 data: when an entity reports a value fluctuating by +/-20% compared with the figure reported in 2017, the employee concerned is alerted by the CSR and Internal Communication Department, and the figure is confirmed only if the difference can be justified, with the help of supporting documents if necessary;
- other consistency tests: in the event that there is no information about an indicator's significant difference in relation to 2017, the indicator's ratio per FTE for the entity concerned is compared with the average ratio per FTE for the same indicator, and the weight of this entity in the consolidated scope for this indicator is considered – if the entity represents a significant share of the scope or if its ratio per FTE for the indicator concerned seems abnormal, validation of the unsupported data is not possible.

Concerning the quality of social data, checks are made by the SIPGRH Project Owner of the HRD Group each month at the time of the loadings. Functional tests are also carried out to ensure the consistency of the results relating to staff and staff movements (headcounts for month N = headcounts for N-1 – departures for the month + entries for the month).

In addition, comparisons are made over time between the work carried out by the companies and the work of the Group Human Resources Department (DRHG) on the basis of the social reports, particularly that group together a number of significant indicators.

And, at the time of completion of the work specific to CSR, the data for year N are compared with those for year N-1 by the Studies sector of the Group HRD.

After consolidation of an indicator, the final total value and the ratio per FTE are compared with those of the 2017 reporting.

Scope covered

The coverage of the collection scope of each environmental and societal indicator is the ratio of the number of FTEs of entities having provided information validated by the CSR and Internal Communication Department for this indicator to the total number of FTEs of the consolidated scope. The FTEs are provided by the Group HR Department as of 31 October 2018 when this information is available.

Note that the Centaure Centre driving training figures (section 4.2.2.6. (c)) pertain to the Group's entire France scope and may therefore include actions carried out by the regional mutuals (Groupama Loire Bretagne in particular).

Properties managed by the EIG G2S

The following rule was applied for consideration of the consumption of buildings formerly managed by the EIG G2S and recently released:

- buildings vacated before the start of the reporting period (1 November 2017-31 October 2018) or occupied for 0 to 6 months during the 2018 reporting period have been removed from the consolidation tables;
- buildings that were occupied for 6 or more months during the 2018 reporting period appear in the consolidation tables; the date on which they were released is mentioned, and their consumption levels are taken into account in the consolidation of the indicators.

Change of indicator for prevention missions

Since 2016, the indicator no longer covers a number of mission days but a number of missions, to facilitate the accounting of missions by the companies.

Details about Grenelle 2 information

Because of its service businesses, with environmental impacts limited and reduced to low-pollution consumption (paper, electricity, etc.), the Groupama group has no financial provision for environmental risk. In addition, the activity does not generate noise, and water is not consumed in water stress areas.

In addition, certain Grenelle 2 information is excluded from the reporting because it is deemed immaterial for the entity:

- concerning "Measures to prevent, reduce, or repair releases into the air, water, and soil seriously affecting the environment": this information is not a key point in our CSR strategy because of our service business;
- concerning "water supply based on local constraints": the Group entities are connected to the public network;
- concerning "measures taken to improve energy efficiency and use of renewable energies": the Group entities are connected to the national electricity grid and thus benefit from the network's renewable share.

Details on the calculation of CO_2 emissions

CO_2 emissions are published according to the three scopes defined by the GHG Protocol and according to the operational control consolidation method, as detailed below:

- scope 1, direct emissions related to consumption of gas and fuel oil and business travel in land vehicles owned by the Group's entities;
- scope 2, indirect emissions related to consumption of electricity, heat and chilled water;
- scope 3, other indirect emissions related to business travel by air, train and land vehicles not owned by the entities (leased vehicles, reimbursement of mileage costs).

The emission factors were updated for the 2018 report using the ADEME carbon database. The factors take into account emissions related to simple combustion and not upstream of production. A few clarifications for certain emission factors:

- for electricity, the emission factors used for entities present in the overseas departments and territories were calculated as follows using the ADEME database: for GOM Antilles, the average between the emission factors of Guadeloupe and Martinique/for GOM Pacifique, the average between the emission factors of New Caledonia, Tahiti, and French Polynesia excluding Tahiti;
- for consumption of steam and chilled water, the CSR and Internal Communication Department used an average of the various factors provided by ADEME for the cities in which Groupama is located;
- for travel by plane, the CSR and Internal Communication Department used the emission factor of a trip of average capacity and average distance (100 to 180 seats and 2000 to 3000 km);
- for travel by train in France, the emission factor used by the CSR and Internal Communication Department was the average of the large train line in France, which takes upstream emissions into account, given that it was not possible to differentiate for the other countries.

Details on the calculation of the rates contained in the social data

- absenteeism rate in France = Number of working days of absence/[average monthly headcount of permanent contracts and fixed-term contracts * (number of working days paid under a contract, *i.e.*, 262 working days)]. The formula was updated this year to increase the precision of the indicator;
- accident frequency rates = number of workplace and commuting accidents with a work stoppage * 1,000,000/annual theoretical hours worked;
- accident severity rates = (working) days lost for workplace and commuting accidents with a work stoppage * 1,000/annual theoretical hours worked.

For these last two indicators, the annual theoretical hours worked by business = theoretical weekly duration * 47 weeks * workforce on permanent contracts & fixed-term contracts as of 31 December 2018.

The number of sick leave days does not include long-term illnesses

Data on RI/SRI assets

- Criteria for definition of funds:
  - assets under management of funds and mandates classified as SRI: They are consistent with the specific SRI management process, which is based on the application of an extra-financial analysis methodology common to equities and credit according to a best-in-class approach; the securities of the available universe are analysed by our teams and classified into five quintiles (the holding of securities belonging to the bottom quintile is prohibited). The funds concerned are particularly specialised funds and collective employee shareholding plans (FCPE) certified by the CIES (French inter-union employee savings committee),
  - assets under management of funds and mandates classified as RI: in this category, we classify funds or mandates that, without be managed according to a best-in-class approach, are subject to ESG/RI charters,
  - the outstanding amount of the whole of the monetary range that practices the a priori exclusion of certain financial transmitters (related to tax havens) and promotes at the same time certain types of establishments based on a mutual operation or co-operative (Co-operative Banks).

4.2.5 APPENDIX – LIST OF ENTITIES TAKEN INTO ACCOUNT IN THE NON-FINANCIAL REPORTING CONSOLIDATION SCOPE

Entity (Country)	Information provided for this entity
AMALINE ASSURANCES (France)	Social, environmental and societal
GAN ASSURANCES (France)	Social, environmental and societal
GAN PATRIMOINE (France)	Social, environmental and societal
GAN PRÉVOYANCE (France)	Social, environmental and societal
GROUPAMA GAN VIE (France)	Social, environmental and societal
GAN OUTRE-MER PACIFIQUE (France)	Social, environmental and societal
GROUPAMA ASIGURARI (Romania)	Social, environmental and societal
GROUPAMA ASSET MANAGEMENT (France)	Social, environmental and societal
GROUPAMA ASSICURAZIONI (Italy)	Social, environmental and societal
GROUPAMA ASSURANCE-CRÉDIT (France)	Social, environmental and societal
GROUPAMA EMEKLILIK (Turkey)	Social, environmental and societal
GROUPAMA SIGORTA (Turkey)	Social, environmental and societal
GROUPAMA ÉPARGNE SALARIALE (France)	Social, environmental and societal
GROUPAMA BIZTOSITO (Hungary/Slovakia)	Social, environmental and societal
GROUPAMA IMMOBILIER (France)	Social, environmental and societal
OTHER PROPERTY SUBSIDIARIES (France)	Social
GOM PACIFIQUE (France)	Social
GROUPAMA POISTOVNA (Poland)	Social
GROUPAMA PHOENIX (Greece)	Social, environmental and societal
GROUPAMA PROTECTION JURIDIQUE (France)	Social, environmental and societal
GROUPAMA ASSURANCES MUTUELLES (France)	Social, environmental and societal
GAN IA HONG KONG (China)	Social
GIE GROUPAMA SUPPORTS ET SERVICES (France)	Social, environmental and societal
GROUPAMA ZASTRAHOVANE NON LIFE(1) (Bulgaria)	Social, environmental and societal
MUTUAIDE ASSISTANCE (France)	Social, environmental and societal
GROUPAMA CENTRE-ATLANTIQUE (France)	Social, environmental and societal
GROUPAMA CENTRE-MANCHE (France)	Social, environmental and societal
GROUPAMA D'OC (France)	Social, environmental and societal
GROUPAMA GRAND EST (France)	Social, environmental and societal
GROUPAMA LOIRE BRETAGNE (France)	Social, environmental and societal
GROUPAMA MEDITERRANEE (France)	Social, environmental and societal
GROUPAMA NORD-EST (France)	Social, environmental and societal
GROUPAMA PARIS VAL DE LOIRE (France)	Social, environmental and societal
GROUPAMA RHONES-ALPES AUVERGNE (France)	Social, environmental and societal
GROUPAMA ANTILLES-GUYANE (France)	Social, environmental and societal
GROUPAMA OCEAN INDIEN (France)	Social, environmental and societal

(1) Jointly reported with Groupama JivotoZastrahovane Life's data.

CSR Indicators Gan Assurances

	2018	2017
HR information		
Total headcount	1,735	1,596
o/w women	61.3%	58.8%
o/w men	38.7%	41.2%
New hires – all contract types combined (excluding summer contracts)	453	184
o/w permanent contracts	185	58
Departures – permanent contracts	174	143
Proportion of women among executives	52.4	50.8
Proportion of employees with disability	4.7%	4.4%
Number of employees with disabilities	46	70
Base salary average (December salary)	42,517	41,041
Number of apprentices	74	60
Conversion rate of work-study apprentices to full-time positions	8.0%	2.0%
Environmental information		
Water consumption *(m^3)*	2,783	2,230
Total energy consumption *(KWh)*	2,153,240	1,904,462
Total energy consumption per person *(KWh/FTE)*	1,293	1,193
Total business travel *(km)*	18,102,488	17,990,866
Total business travel per person *(km/FTE)*	10,874	11,272
CO_2 emission - teqCO_2	2,551	2,587
CO_2 emission per person - teqCO_2	1	2
Paper consumption *(tonnes)*	355	384
Paper consumption per person *(kg/FTP)*	205	240
Social information		
Number of missions carried out by preventionists	318	420
Number of individuals who benefited from prevention missions	116	178
Amount allocated for the fight against diseases *(in euros)*	689,657	702,544

CSR Indicators Gan Prévoyance

	2018	2017
HR information		
Total headcount	791	847
o/w women	35.3%	36%
o/w men	64.7%	34%
New hires – all contract types combined (excluding summer contracts)	114	114
o/w permanent contracts	109	109
Departures – permanent contracts	153	148
Proportion of women among executives	19.9	21.5
Proportion of employees with disability	3.2%	3.5%
Number of employees with disabilities	32	32
Base salary average (December salary)	45,101	45,128
Number of apprentices	4	8
Conversion rate of work-study apprentices to full-time positions	0.0%	0.0%
Environmental information		
Water consumption *(m^3)*	79.0	159.0
Total energy consumption *(KWh)*	344,222.4	361,654.0
Total energy consumption per person *(KWh/FTE)*	435.2	427.0
Total business travel *(km)*	17,224,245	6,794,451
Total business travel per person *(km/FTE)*	21,775.3	8,021.8
CO_2 emission - teqCO_2	2,475.3	883.17
CO_2 emission per person - teqCO_2	3.1	1.0
Paper consumption *(tonnes)*	2.6	5.0
Paper consumption per person *(kg/FTP)*	3.3	5.9
Social information		
Number of missions carried out by preventionists	0	0
Number of individuals who benefited from prevention missions	0	2
Amount allocated for the fight against diseases *(in euros)*	2,800.00	2,500.00

4.3 REPORT OF ONE OF THE STATUTORY AUDITORS ON A SELECTION OF SOCIAL, ENVIRONMENTAL, AND SOCIETAL INFORMATION

Moderate assurance report of one of the statutory auditors on a selection of social, environmental, and societal information published in the management report

(Year ended 31 December 2018)

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

To the Shareholders,

As requested and in our capacity as statutory auditor of the Groupama Assurances Mutuelles, we performed a review to enable us to express limited assurance on the selection of social, environmental, and societal information ("CSR Information") published in the 2018 annual report of Groupama Assurances Mutuelles.

The CSR Information selected by Groupama Assurances Mutuelles is as follows:

- Social aspects:
  - total number of staff and gender distribution (quantitative),
  - number of recruitments on permanent contracts (quantitative),
  - number of departures on permanent contracts (quantitative),
  - absenteeism rate (quantitative),
  - review of collective agreements at the Group level (qualitative),
  - rate of frequency of accidents at work (quantitative),
  - rate of severity of accidents at work (quantitative),
  - number of hours of training (quantitative),
  - employment of people with disabilities (quantitative and qualitative);
- Environmental aspects:
  - energy consumption (electricity, gas, fuel oil, heat, chilled water) (quantitative),
  - business travel (quantitative),
  - CO_2 emissions (quantitative);
- Societal aspects:
  - road safety actions (quantitative and qualitative),
  - responsible investment (quantitative and qualitative),
  - fight against rare diseases (quantitative and qualitative).

This CSR Information was prepared under the responsibility of the CSR Department of Groupama Assurances Mutuelles in accordance with the "2018 Environmental Indicator Definitions", the "2018 Business Line Indicator Definitions", and the "Social Information Reporting Guide" reference standards available on request at the Group's headquarters.

Our role is to express a conclusion of limited assurance on this selected CSR Information on the basis of our work. The conclusions set out below relate to the selected CSR Information and not to all of the CSR information contained in the management report.

NATURE AND SCOPE OF WORK

We performed the work described below in accordance with the professional standards of the French national auditing body (Compagnie nationale des commissaires aux comptes) relating to this intervention, as well as ISAE 3000 (Assurance Engagements Other than Audits or Reviews of Historical Financial Information).

We performed the following due diligence tasks leading to a limited assurance that we found no material misstatements likely to call into question the fact that the CSR Information selected by Groupama Assurances Mutuelles was established, in all material respects, in accordance with the Reference Standards.

We examined, at the Group level, the appropriateness of the reporting procedures developed by Groupama Assurances Mutuelles with regard to their relevance, completeness, reliability, neutrality, and understandability.

We verified the establishment of a collection, compilation, treatment, and control process aimed at comprehensiveness and consistency of CSR information and reviewed the internal control and risk management procedures relating to the preparation of this information.

We performed analytical procedures and used sampling to verify the calculations and the consolidation of data. This work was based in particular on interviews with individuals in the Human Resources Department and the CSR Department of Groupama Assurances Mutuelles responsible for preparation, application of procedures, and consolidation of data.

We selected a sample of entities:

- Groupama Assurances Mutuelles;
- Gan Prévoyance;
- Groupama Assicurazioni;
- Groupama Rhône-Alpes Auvergne;
- Groupama Centre Manche.

For the selected entities:

- based on interviews with the individuals responsible for data preparation, we verified the understanding and proper application of procedures;
- we used sampling to conduct detailed tests consisting in verifying the calculations done and reconciling the data with the supporting documents.

These entities represent 27% of the Group's workforce and between 27% and 45% of the selected environmental information.

We called on our CSR experts to assist us in performing this work.

CONCLUSION

Our work revealed no material misstatements likely to call into question the fact that the CSR information selected by Groupama Assurances Mutuelles, published in its 2018 management report, was established, in all material respects, in accordance with the Groupama Assurances Mutuelles reference standards applicable to fiscal year 2018.

Neuilly-sur-Seine, 28 February 2019

One of the statutory auditors

PricewaterhouseCoopers Audit

Christine Billy	Pascal Baranger
Partner	Director within the Sustainable Development Department

5

RISK FACTORS AND RISK MANAGEMENT

5.1 RISK FACTORS

Groupama draws attention to the risks described below. These risks could materially affect the Company's activities, consolidated net income, financial position, solvency margin and its ability to achieve estimated results.

However, the description of risks is not exhaustive. Additional risks and uncertainties not currently known or deemed to be minor could, in the future, prove to be major and materially affect Groupama.

The risks described below are inherent to the nature of the Group's activities and to the economic, competitive and regulatory environment in which Groupama operates.

Given the multiple possibilities and uncertainties relating to these risks, the impact of the identified risks cannot always be accurately quantified. However, in order to prevent, detect and manage risks on an ongoing basis, Groupama has implemented numerous risk management processes, procedures and controls. As with any control and monitoring system, this should not, however, be considered an absolute guarantee. Rather, it offers reasonable assurance that operations are secure and results are managed.

The organisation of the risk management system is described in detail in sections 3.4.3 and 5.2 of this registration document. In addition, if the risks described in section 5.1 result in a quantifiable financial impact or a material contingent liability, these are reflected in the Group's combined and consolidated financial statements, in accordance with applicable IFRS accounting standards.

The risks presented below are categorised based on their origin. They reflect the current view of the governing bodies as to the potential impact of each risk for the Groupama group.

5.1.1 RISK FACTORS RELATING TO THE INSURANCE BUSINESS

5.1.1.1 Cyclical nature of the non-life segment

The cycles associated with the non-life insurance business are of varying length. They may involve unpredictable catastrophic events or be impacted by general economic conditions and may result in alternating periods of intense rate competition and, conversely, rate increases.

These situations, which may result in lower premium income over the course of certain cycles, may lead to volatility and a worsening of the Group's net income and financial position.

5.1.1.2. Natural and human disasters

The increasing number of climate events, on a global level, as well as other risks, such as acts of terrorism, explosions, the appearance and development of pandemics such as the H5N1 and H1N1 viruses and the impact of global warming may have major consequences, not only in terms of their immediate damage and impact, but also in respect of insurers' current and future activities and income.

The potential increase in compensation and claims, the emergence of new kinds of liability, growing uncertainty as to the volume and level of maximum losses may, for example, have a material impact on Groupama's business activities, consolidated net income and liquidity.

Through the diversification of its portfolio, the individual selection of risks accepted, the limitation of its exposure to risks (specifically in respect of natural disasters), the management of overlapping risks and reliance on reinsurance with, for example in storms, a level of coverage against the occurrence of a bicentenary event and a retention equivalent to a 10-year return period, Groupama significantly reduces the negative impacts of its exposure. In 2017, the exceptional weather loss experience related to Hurricane Irma had only a limited impact on the accounts, as the reinsurance protection schemes paid off. In 2018, lower-intensity but numerous events that affected mainland France weighed more heavily on the results.

Despite the careful attention paid to the monitoring of these risks and the risk control systems put into place, Groupama, because of its historical customer base and the abundance of local climate events, might therefore experience major losses in the future on such risks, which would have a substantial negative impact on its position and net income.

5.1.1.3 Inadequacy of reserves to address losses in the non-life segments

The principles and rules for life and non-life technical reserves are presented in section 3.12 – Technical operations of the consolidated financial statements; their breakdown is detailed in Note 26 to the consolidated financial statements.

In accordance with the sector's practices and current accounting and regulatory requirements, Groupama establishes reserves both for claims and claims expenses relating to the non-life segments that it insures.

However, reserves do not represent an exact calculation of the corresponding liability but, instead, estimates of the claims amount, on a given date, using actuarial projection techniques. These reserve estimates are projections of the likely cost of ultimately settling and administering claims, based on our assessment of facts and circumstances known at that time, an analysis of historical settlement patterns, estimates of trends in claims' severity and frequency, legal theories of liability and other factors. However, claims reserves are subject to change due to the number of variables that affect the ultimate cost of claims. These factors may be varied, such as the intrinsic change in claims, regulatory changes, judicial trends, changes in interest rates used to discount the annuity reserves, gaps inherent in the time lag between the occurrence of the insured event, notification of the claim and final settlement of expenses incurred in resolving claims.

These items cannot always be known, particularly on a prospective basis. Actual losses may thus differ materially from the original gross reserves established. Consequently, the reserves may need to be increased or reduced, with an impact on net income.

Groupama continually reviews the adequacy of its established claims reserves with regard to its commitments. While the reserves currently established are sufficient and comply with the Group's prudent reserve policy, there can be no assurance that ultimate losses will not materially exceed the claims reserves established and will not have a material adverse effect on net income.

5.1.1.4 Uncertainties and changes in the forward-looking assumptions used to calculate the life insurance reserves and deferred acquisitions costs (DAC)

The establishment of insurance reserves, including the minimum guarantees found in certain group savings and pension products, the adequacy test performed on the life insurance policy reserves, the recoverability test on the deferred profit-sharing assets and the establishment of DAC rely, by their very nature, on uncertain information based on forward-looking assumptions about changes in factors that may (i) be of economic, demographic, social, legislative, regulatory or financial origin, (ii) relate to policyholder behaviour (surrender, lapses, persistency, etc.) or (iii) be specific to life insurance, such as mortality, morbidity and longevity.

Use of these many assumptions involving a high degree of estimation on the part of the Group's governing bodies, as well as changes in those assumptions or changes in the financial markets, may influence reserve levels, underwriting expenses and calculation of Groupama's DAC and could have an adverse impact on Groupama's net income, financial position and assessment of its valuation.

5.1.1.5 Requests for compensation that do not conform to the assumptions used to establish prices and to calculate technical reserves for life, savings and pension products

The profitability of the life, savings and pension products depends heavily on the extent to which actual claims match the assumptions used to determine prices for products, insurance policy servicing expenses and technical reserves.

If the benefits actually paid to policyholders were less favourable than those estimated based on the initial underlying assumptions, or if events or trends led us to modify those underlying assumptions, the Group would have to increase its commitments, which could reduce its net income.

As noted at § 5.1.1.4 above, establishing savings/pension insurance reserves, with or without specific guarantees such as minimum guarantees, naturally relies on uncertain information and judgements, both internal and external, and there are no guarantees that the reality of the products will not differ – positively or negatively – from these estimates.

5.1.1.6 Default of a reinsurer or increased reinsurance costs

While the purpose of reinsurance agreements is to transfer a portion of losses and related expenses to other insurers, they do not eliminate the requirement for Groupama, the direct insurer, to settle claims. In this regard, the Group is thus subject to the solvency risk of its reinsurers at the time that sums due are recovered from them (see section 5.2.5 – Risk of reinsurer insolvency factors for the breakdown of the insurance reserves and recoverables by Groupama by reinsurer rating).

Although Groupama makes certain that its reinsurers are diversified and solvent, based on selection rules that are reviewed and updated regularly as part of the work of the Security and Reinsurance Committee, and although the financial crisis has not led any of the Group's reinsurers to default, they may find themselves unable to meet their financial obligations. This inability could adversely affect the net income.

Furthermore, the availability, amount and cost of reinsurance depend on overall current economic conditions and may vary considerably. In the future, the Group may be unable to obtain reinsurance at commercially reasonable prices, thus increasing its risk of loss due to lower levels of reinsurance, or its income statement could be adversely affected by the increased cost of reinsurance for its already-reinsured activities.

5.1.2 RISK FACTORS RELATING TO THE FINANCIAL MARKETS, THE FINANCIAL STRENGTH RATING, THE VALUATION OF ASSETS AND OTHER RELATED ASPECTS

5.1.2.1 The difficult and persistent conditions of the economy and the global context

Just like the market's other players, Groupama has been impacted in the past few fiscal years by the financial crisis and its repercussions, which have strongly affected the real economy at the global level. In Europe, despite the economic recovery triggered starting in the second half of 2016, the high debt levels of companies and States and high unemployment, especially in France, Italy, and Spain, can only be significantly reduced very slowly.

For 2018, there are several geopolitical and economic matters to report:

- trade tensions between the world's largest economies, the United States and China, worsened;
- global growth fell from 3.7% in 2017 to 3.1%;
- the political and military conflicts in the Middle East and Africa continued with their consequences on, among other things, migration flows to Europe;
- the increase in power of populist, xenophobic parties in the EU countries;
- the coming to power in Italy in June 2018 of the populist alliance government between the League and the Five Star Movement;
- continuing uncertainties and tensions regarding the construction of Europe; the last quarter of the year marked by uncertainties related to Brexit for both the United Kingdom and its European partners;
- the "yellow vests" movement started in France in November 2018 with significant impacts on the country's economy;
- an upsurge in cyberattacks;
- maintaining of an accommodative monetary policy (low rates), but exiting from it presents unknowns with the perception of inflationary tensions.

Rising political uncertainty and increased country-specific vulnerabilities led to episodes of increased instability in financial markets in 2018, particularly at the end of the year [(1)].

The low rates of return on financial investments and the dependence of the Group's businesses on consumer behaviour and confidence have negatively affected the Group's revenues and net income.

5.1.2.2 Financing terms

Although the low level of rates is favourable for issuers, the overall decrease in ongoing risks among credit institutions has brought about more restrictive terms for granting loans. At the same time, the succession of unfavourable events for investors in subordinated debt (illiquidity, trading conditions, "bail-in") implies more difficult issue conditions.

Groupama needs liquidity specifically to pay its operating expenses, claims settlements, contract redemptions and its financial expenses.

The Group's primary sources of liquidity are generated by the insurance business, including insurance premiums, annuity products, reserve funds, asset management commissions, cash flow generated by its investment assets as well as by cash and other balance sheet equivalents. These sources of liquidity are supplemented by subordinated debts (TSS, TSDI, and TSR) and credit facilities (see Notes 21 – Total group's equity and – 24 Financing debts of the consolidated financial statements).

In addition, the mutual certificates issued by the regional mutuals, in place since 2016, are an additional source of funding for the Group (€540 million at the end of 2018).

If current resources were unable to meet the Group's needs, Groupama would have to identify alternative financing methods that depend on factors that are both external (including market conditions, credit availability and volume of trade) and internal to the Group (financial rating, borrowing costs, and perceptions of the short-term and long-term financial outlook).

Although Groupama has put proactive management of capital in place, by carrying out exchanges on its financial debts and actively managing its credit line, the Group may nevertheless still not be able to meet its liquidity needs or obtain financing under favourable terms in the event of significant stress on liquidity.

Insufficient liquidity and/or prolonged restricted access to financing could materially affect the Group's business, net income and financial position.

5.1.2.3 However, this restored solvency situation remains sensitive to capital market movements and evolving regulatory interpretations

Groupama's entities involved in the insurance business are subject to the regulatory capital requirements of various local regulators. These capital requirements imposed on insurance companies generally depend on the design of the products, underwriting volumes, assets invested, commitments, reserves and changes in the capital markets, specifically with regard to interest rates and financial markets, subject to specific provisions applicable in certain countries. These regulatory requirements may be tightened – even significantly – during periods of volatility and downturn in the financial markets and/or when interest rates fall.

The Group's solvency margin is particularly sensitive to conditions on the capital markets (equities, property, credit, and interest rates). Prolonged unfavourable conditions on the capital markets could adversely impact the Group's solvency margin further.

The Group monitors its solvency margin and its insurance disintermediation equity on an ongoing basis to ensure compliance with current regulations and to ensure that Groupama Assurances Mutuelles and its subsidiaries are operating in an appropriate competitive environment.

Insurance regulators have broad discretion to interpret, apply, and implement applicable rules with respect to solvency and regulatory capital requirements. If regulatory capital requirements are not met, regulators may impose more conservative calculation methods or any other similar measures to significantly strengthen core equity requirements or restrict companies' activities.

(1) UN's "World Economic Situation & Prospects for 2019" – Economic Analysis and Policy Division.

In this framework and pursuant the financial solidarity plan existing between the regional mutuals and Groupama Assurances Mutuelles ("solidarity agreement", see section 1.2.3 – Relationships among the various entities of the Group in this registration document), a contribution in the form of a subsidy, participating shares, or a loan could be put in place if their equity and/or results did not allow them to meet their commitments and obligations for the long term.

Similarly, at the subsidiary level, the Group – and especially Groupama Assurances Mutuelles – could grant financing resources allowing subsidiaries to improve their solvency margin, particularly through modifications in the dividend policy, capital increases, or intra-group subordinated loans. In 2018, the Group carried out capital operations two international subsidiaries.

These various measures could also have a significant impact on the state of liquidity, consolidated net income, and financial position of Groupama Assurances Mutuelles and the Group.

Finally, when rating agencies assess Groupama SA's financial strength and credit quality, they take into account the Group's solvency margin and the regulatory capital position of its insurance subsidiaries. In order to comply with the financial solvency criteria of the rating agencies, the policy of holding risky assets remains relatively restrictive.

Although Groupama has set up systems to ensure sufficient solvency for itself and its subsidiaries, unfavourable capital market conditions, the evolving interpretation of regulations, and the changes in the rating agencies' criteria could adversely affect its activities, liquidity position, credit rating, consolidated net income and financial position.

5.1.2.4 Revision of ratings regarding ability to pay claims and financial strength

In 2017, the financial strength rating of Groupama Assurances Mutuelles was revised upwards from BBB+ to A- by the financial rating agency Fitch Ratings. In 2018, the A- rating was confirmed, and the outlook was raised from stable to positive.

Ratings of ability to pay claims and financial strength remain important although disputed factors in establishing the insurance companies' competitive position vis-à-vis each other. However, rating agencies may revise them at any time.

A downward revision of the financial rating could have an adverse impact on the Group, such as (i) harming its competitive position, (ii) negatively affecting its ability to underwrite new insurance policies, (iii) increasing the surrender or termination rates of existing insurance policies, (iv) increasing the cost of reinsurance, (v) negatively affecting its ability to obtain financing and/or increasing the cost of financing, (vi) triggering the need for additional guarantees under certain agreements, (vii) harming its relationships with creditors or trading counterparties and/or (viii) adversely affecting public confidence in a material way. Any of the above could have an adverse effect on the activities, liquidity position, consolidated net income, revenue and financial position of Groupama Assurances Mutuelles.

5.1.2.5 Losses due to defaults by financial institutions and third parties, impairment of investment assets and unrealised losses

Third parties that owe Groupama money, securities or other assets may not perform their obligations. These parties may be issuers whose securities the Group holds in its investment portfolios, public or private borrowers under mortgages and other loans extended, Groupama reinsurers, customers, trading counterparties, hedge counterparties, other third parties including intermediaries and brokers, commercial banks, hedge funds and other investment funds, clearing agents, market exchanges, clearing houses and other financial institutions (see Bond portfolio breakdown by rating and nature of issuers – Note 7.8.3 – Bond portfolio – by rating and Note 7.8.4 – Bond portfolio – by nature of bond issuers to the consolidated financial statements).

Third-party default may also concern third parties with which Groupama has entered into service agreements as part of the outsourcing of activities and may expose the Group to operating, financial and reputation risks.

Similarly, default, and even the fear of default, on the part of major third parties external to Groupama may also disrupt the markets, increase their volatility, generate a chain of defaults or even lead to widespread illiquidity, which would affect the Group or could affect its partners.

The causes of default by third parties may include: bankruptcy, lack of liquidity, downturns in the economy or real estate market, worsening of the financial markets or operational failures.

Although in recent years the Group has continued its operations to reduce risk on equities and the most exposed debts, exposure to Italian and Spanish sovereign debt remains significant (see Note 7.9 – Debt securities of peripheral countries of the eurozone to the consolidated financial statements).

Considering the increase in the cost of sovereign debt in the most vulnerable countries (cost of financing in real terms exceeding the rate of growth) and the intrinsic volatility of equity markets, Groupama may need to recognise impairment losses on the value of its invested assets. Groupama cannot, under any circumstances, guarantee that such losses or impairments of the accounting value of these assets would not sharply and adversely affect its net income and financial position.

5.1.2.6 Impairment of goodwill, acceleration of the amortisation of Deferred Acquisition Costs (DAC) and Value of Business in Force and/or the derecognition of deferred tax assets and deferred profit sharing

Changes in business and market conditions may affect the amount of goodwill carried on Groupama's balance sheet, the pattern and pace of DAC and VIF amortisation and the valuation of deferred tax assets. The value of certain of the Group's acquisitions, particularly in the areas most affected by the recent economic and financial crisis, depends directly on the position of the financial markets and level of operating performance. Impairments of goodwill on certain Eastern European countries, Greece (2012), and more recently (2016 and June 2017) Turkey were recorded. The impairment tests conducted as at 31 December 2018 did not result in the recognition of additional impairment.

In the future, the downturn in operating performance of the Group's acquisitions or in market conditions, such as a continued environment of low rates, could result in an impairment of goodwill, accelerate the DAC and VIF or lead to the derecognition of deferred tax assets. These items could adversely and materially affect the Group's net income and financial position.

Further information on the assumptions and results of the impairment tests is presented in Note 2 – Goodwill to the consolidated financial statements.

5.1.2.7 Fluctuations in interest rates and credit spreads

Periods of declining interest rates could have the following major effects on the Group:

- lower investment earnings because of the reinvestment of revenues or repayment of assets (scheduled or early as a result of lower rates) at levels below its portfolio's rate of return;
- reduced spread between interest rates credited to policyholders and the return on the investment portfolio;
- a modification of rate guarantees included in life insurance and annuity policies, given the difference in performance of investment portfolios;
- additional reserves for ordinary annuities affecting income and for retirement benefits affecting equity.

Conversely, periods of rising interest rates could have the following major effects on the Group:

- increased surrenders of life insurance policies and fixed annuity contracts as policyholders choose to trade off their investments in favour of higher-yield savings products;
- loss of competitiveness, which could lead to a loss of market share for non-redeemable life insurance liabilities;
- the possible realisation of capital losses to meet commitments by liquidating fixed-term investments when the prices of these assets are unfavourable in order to obtain liquidity. The adverse effect of these capital losses on the return on assets would increase the spread between the rate of return paid to policyholders and the market rate of return.

Although the Group has taken measures to limit and control the adverse effects of fluctuations in interest rates through Asset/Liability Management (see the presentation of Asset/Liability Management and the investment strategy in point (b), Asset/Liability Management and investment strategy of section 3.4.2.2 (c) – Monitoring of entities) that seeks to calibrate the duration of assets to that of liabilities and reduce the volatility of the differential between the actual yield of the asset and the rate expected and *via* the use of hedging instruments, Groupama could be significantly impacted in terms of its growth, level of assets, expenses, losses or financial revenues, which could then materially impact its net income and financial position (see Analysis of interest rate risk sensitivity in insurance and on financial investments in section 5.2.3.1 – Interest rate risk).

Similarly, a widening of credit spreads could reduce the value of fixed-income securities held by the Group and increase net revenue from the purchase of new, fixed-income securities. Conversely, a tightening of credit spreads would increase the value of fixed-income securities held and would reduce net revenue from the Group's purchase of new fixed-income securities.

In order to strengthen its market risk control, Groupama rolled out a mechanism to limit risks in its assets across all its entities starting in 2014.

Although the credit risk objective is to limit the concentration of issues according to several criteria (country, issuer, ratings, subordinated issues), the current volatility of interest rates and credit spreads, individually or in conjunction with other factors, such as lack of pricing transparency, market illiquidity, falling equity prices and the strengthening or weakening of foreign currencies against the euro, could have a material adverse effect on the Group's net income and financial position and Groupama's cash flow through realised losses, impairments and changes in unrealised loss positions.

5.1.2.8 Fluctuations in exchange rates

Groupama publishes its consolidated and combined financial statements in euros. Nevertheless, Groupama is exposed to foreign exchange risk:

- firstly, through its operations and international development in regions outside the eurozone. In effect, although the Group does business primarily in eurozone countries, about 17% of its premium income at 31 December 2018 (23% on the consolidated scope) was derived from the business of its international subsidiaries (see Note 33 – Analysis of premium income to the consolidated financial statements), and about 6% was denominated in currencies other than the euro (8% on the consolidated scope), including the Turkish lira, Romanian leu, Hungarian forint, Tunisian dinar, and Chinese yuan. For example, the strong fluctuations of the Turkish lira during 2018 led the Group to take *ad hoc* measures to support its entity in Turkey. Groupama's shareholders' equity is therefore subject to fluctuations in exchange rates through the unrealised foreign exchange adjustment;

- secondly, through investment assets held by its subsidiaries in the eurozone, such as mutual funds or securities denominated in foreign currencies or euro-denominated mutual funds or securities tied to a foreign currency – mainly the U.S. dollar, the Hungarian forint and the pound sterling. Changes in the value of these currencies against the euro have an impact on the Group's net income and financial position.

Although Groupama seeks to control its exposure to currency fluctuations *via* hedging, movements in exchange rates may have a significant impact on its net income, solvency margin and financial position. Similarly, the currency hedges that Groupama uses to manage foreign exchange risk may significantly affect its profits and the amounts available for the distribution of dividends by the subsidiaries, insofar as the unrealised foreign exchange gains or losses on these derivative instruments are recognised in Groupama's income statement (see Analysis of exchange rate sensitivity presented in § 4.2.3.3 – Foreign exchange risk).

5.1.2.9 Inflation rate fluctuations

Inflation is an ongoing risk that weighs on the markets on which Groupama operates.

For the eurozone, the annual inflation rate was 1.6% in December 2018, compared with 1.4% in December 2017.

In addition, in certain countries where Groupama operates, social and political uncertainties and volatile commodity and currency prices are signs of tension.

An increase in inflation rates or the failure to accurately anticipate higher inflation could have multiple impacts on the Group, mainly through the following consequences:

- an increase in the market interest rate that could reduce the levels of unrealised capital gains on some fixed-income securities, reduce the attractiveness of some of the Group's life insurance and savings products, especially those with a fixed interest rate, and increase the cost of financing the Group's future borrowing;
- impairment of equity securities and sluggish performance by equity markets in general. Such a weakening of the equity markets could lead to lower levels of unrealised capital gains on securities held by the Group, reduce the performance and future sales of unit-linked products with underlying securities, and affect the competitiveness and the results of the Group's asset management company;
- a deterioration in non-life insurance businesses over long periods, such as construction and third-party liabilities ("long-tail risks"), including in particular an underestimation of reserves at the time the latter are created and an increase in the amounts ultimately paid to settle claims;
- a systematic under-pricing of products.

These factors, which are a direct result of an increase in the inflation rate, are likely to have a negative impact on Groupama's business, net income, solvency margin and financial position.

Conversely, the persistence of zero inflation or disinflation and, in the extreme case, deflation is an obstacle to economic development and therefore insurance businesses (no growth in insurance capacity) and increases the repayment constraints for the most indebted issuers and therefore the probability of default for the most vulnerable issuers, which would affect the net income if it occurs.

5.1.3 GROUPAMA'S INTERNAL RISK FACTORS

5.1.3.1 The dependency of Groupama Assurances Mutuelles, the holding company, on its subsidiaries for covering its expenses and payment of dividends

Although Groupama Assurances Mutuelles operates its own reinsurance business *via* the contractual mechanism of Internal Reinsurance, which binds the regional mutuals to Groupama Assurances Mutuelles, most of the Group's insurance and financial service operations are run by the direct and indirect subsidiaries of the Group holding company, Groupama Assurances Mutuelles. A significant share of the financial resources of Groupama Assurances Mutuelles consists of dividends paid by these subsidiaries and funds that may be raised by issuing subordinated debt or bonds, or through bank borrowings.

Groupama Assurances Mutuelles expects that dividends received from its subsidiaries and other sources of funding will continue to cover the expenses it faces as a separate holding company of the Group, including interest payments on current financing arrangements (see dividends received by Groupama Assurances Mutuelles presented in Note 27 – Information about subsidiaries and equity interests to the annual financial statements).

Legal and regulatory restrictions may also limit the ability of Groupama Assurances Mutuelles to transfer funds freely either to or from all of its subsidiaries. Some insurance subsidiaries may also be subject to regulatory restrictions in respect of the amount of dividends and debt repayments that can be paid to Groupama Assurances Mutuelles and other entities of the Group.

In view of the above points, Groupama Assurances Mutuelles could receive a reduced (or no) dividend from some of its subsidiaries or be required to provide significant funding to some of them through loans or capital injections, which could significantly impact its cash situation.

5.1.3.2 Assessments by the Group and its senior management

(a) In the valuation of certain investments

For some of the Group's financial assets for which there is no active trading market or where observable values are reduced or unrepresentative, fair value is measured by valuation techniques using methodologies and models incorporating assumptions or assessments that involve a significant amount of judgement (see § 3.2.1 – Accounting principles and methods used in the valuation of financial assets in the notes to the consolidated financial statements).

Groupama cannot guarantee that the estimated fair values based on such valuation techniques represent the price at which a security may ultimately be sold or for which it could be sold at any specific point in time. The resulting differences in value as well as changing credit and equity market conditions could have a significant negative impact on the net income and financial position of the Group.

(b) In the determination of reserves and impairment

The determination of the amount of reserves and impairment varies depending on the type of investment and is based on periodic assessment and estimates of known risks inherent to each asset class. These assessments and estimates are revised when conditions change or as new information becomes available. The Group's senior management, based on this information and according to the principles and objective methodologies detailed in the consolidated and combined accounts (see § 3 – Accounting principles and valuation methods used in the notes to the consolidated financial statements), analyses, evaluates, and uses its best judgement to assess the causes of a decline in the estimated fair value of securities and the prospects for short-term recovery, as well as the appropriate amount of the resulting reserves for impairment.

Groupama cannot guarantee that its senior management has correctly estimated the amount of impairment and reserves recorded in the financial statements or that the impairment or additional reserves will not have a negative impact on the net income and financial position of the Group.

5.1.3.3 A decline in the growth of the Group's insurance and asset management businesses

The development projections could come to a halt, or be lower than forecast, mainly as a result of difficult conditions in the financial and capital markets and changes in economic conditions in the sectors or countries in which Groupama does business. The development of the Group's life insurance, savings and pension products could also be negatively affected by changes in existing regulations, such as tax legislation.

The Group's inability to capitalise on its innovative products, partnerships or new distribution methods, to deploy them within the Group and develop them according to its objectives could adversely impact the growth of Groupama's business activity.

5.1.3.4 The diversity of the countries where Groupama operates

Groupama markets its products and services in Europe, Turkey, northern Africa, and Asia through legal structures and various distribution channels such as majority- and minority-owned subsidiaries, partnerships, joint ventures, independent brokers, etc.

The diversity of the Group's international presence exposes it to different and sometimes rapidly changing economic, financial, regulatory, commercial, social and political environments, which may affect the demand for its products and services, the value of the investment portfolio or the solvency of its local commercial partners.

The successful implementation of the Group's overall strategy could be affected by the environment of certain countries where Groupama operates and could have an adverse impact on its net income and financial position.

5.1.3.5 Hedging programmes for certain products

Groupama uses derivatives instruments, including equity and treasury futures contracts, to hedge certain risks arising from guarantees given to policyholders.

However, in some cases, Groupama may not be able to use or chooses not to use these hedging techniques, the purpose of which is to limit the economic impact of adverse market trends, particularly in the capital and fixed-income markets, due to a lack of liquidity, the insufficient size of the relevant derivatives markets, or an overly high hedging cost.

Moreover, numerical estimates and the assessments of Groupama's senior management in implementing these hedging programmes, such as those for mortality, surrender rates, election rates, interest rates, volatility and correlation among the markets, could be significantly different to initial expectations and assumptions, which may significantly impact its net income and financial position.

Similarly, measures taken by Groupama to optimise the products covered by this type of guarantee, improve their profitability and avoid future hedging losses cannot constitute a guarantee and could significantly impact Groupama's business, competitive position, net income, and financial position.

5.1.3.6 Existence of contingent liabilities relating to discontinued, sold or liquidated operations and charges relating to other off-balance-sheet commitments

Groupama may occasionally retain insurance and reinsurance obligations and other contingent liabilities relating to the sale or liquidation of various activities or be required to provide guarantees and enter into other off-balance sheet transactions. The Group's reserves for such obligations and liabilities may be inadequate, which could require it to recognise additional charges that could significantly impact its net income.

For more information, refer to Note 46 – Commitments received and given to the consolidated financial statements.

5.1.3.7 Operational failures or inadequacies

The causes of operational failure or inadequacy inherent in the Group's business may be human, organisational, material, natural or environmental in nature and result from events or factors that are internal or external to the Group. The operational risk that this poses may manifest itself in various ways, including: failures or malfunctions of Groupama's information systems; business interruption of its vendors or of the financial intermediaries with which the Group works; error, fraud or misconduct by staff, policyholders or intermediaries; breach of internal or external regulations; or hacking or pirating of information systems.

Faced with the emergence of cyber risks stemming from globalisation and an ever-increasing digitisation of management processes, which increasingly exposes the IT system of the Group's companies to attacks of all kinds (theft or destruction of data, denial of service), the measures taken to counter these attacks consist in reinforcing the protection of information systems and the training of users, detecting attempts to intrude, and then limiting the consequences of an attack with a rapid reaction.

Generally speaking, Groupama takes extra care to ensure the maintenance, efficiency and modernisation of its information systems in order to integrate and respond to changes in technological, industrial and regulatory standards and customer preferences.

In the event of a breach or failure in quality, Groupama might be unable to obtain the information it needs to run its business or meet its customers' expectations, which could expose it to litigation or claims or increase its litigation and regulatory risks.

Although the Group strives to manage all of these operational risks as effectively as possible in order to reduce their potential impact (see section 5.2.6.1 of this registration document), these risks could lead to financial loss, loss of liquidity, business disruption, regulatory sanctions or damage to Groupama's reputation.

5.1.4 RISK FACTORS RELATING TO THE DYNAMIC REGULATORY AND COMPETITIVE ENVIRONMENT

5.1.4.1 Heightened competition

Groupama operates in a market challenged by various players (insurance companies, mutual funds, protection institutions, commercial and investment banks, investment funds, asset management funds, private equity funds, etc.), which may be subject to different regulations, have multiple distribution channels and offer alternative products or more competitive rates than those of the Group.

Under this competitive pressure, Groupama may need to adjust its pricing on some of these products and services, which could adversely impact its ability to maintain or improve profitability and negatively impact its net income and financial position.

5.1.4.2 Regulatory changes and reform at the local, European and international level

The Group's business is subject to detailed and comprehensive regulation and supervision in the countries where it operates in respect of group's equity and reserve levels, solvency standards, distribution practices, concentrations and type of investments, rules for consumer protection and customer knowledge, and the rates of revaluation of life insurance products.

This regulation and supervision have been strengthened in the context of the financial crisis, both in Europe and internationally. A set of measures to reform the European System of Financial Supervision (ESFS) has been put into place, especially since late 2010. As a result, organisations such as the European Systemic Risk Board (ESRB) and the European Insurance and Occupational Pensions Authority (EIOPA) may issue guidelines and recommendations that could affect the Group.

There are also recommendations and proposals issued or issuable by the Financial Stability Board (FSB) that may impact the regulation of financial groups in terms of capital, solvency, corporate governance, and executive compensation.

More specifically, the implementation of the 2009 European Directive on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), amended in 2014 by Directive 2014/51/EU (Omnibus 2), which entered into force on 1 January 2016, aims to establish a solvency scheme better suited for the risks incurred by insurers and to construct a system common to all European Union members. In pursuit of these objectives, the method for calculating insurers' capital requirements is regularly reviewed, with the next review expected in 2019 for implementation in 2020.

The approach is based on three pillars: Pillar 1 on quantitative equity requirements and rules for measuring assets and liabilities and capital requirements, Pillar 2 on requirements for governance and management of risks incurred by insurers particularly with the requirement for insurers to conduct an Own Risk and Solvency Assessment ("ORSA") and communicate the results to the supervisor as part of prudential supervision, and Pillar 3 on reporting and transparency requirements.

Since 2016, the ORSA reports of all of the Group's entities have been made available to the local regulators. In 2015, the Group also obtained the ACPR's approval to use the transitional measure on technical reserves for the life insurance subsidiary Groupama Gan Vie (the additional cost brought about by switching from the calculation of technical reserves according to Solvency I standards to Solvency II standards is spread out over 16 years) and a partial internal model on non-life underwriting risk at the Group level.

The regulatory capital and solvency requirements associated with Solvency 2 heavily impact the Group in terms of governance and internal organisation as well as risk management and capital management.

Ongoing compliance with the regulatory requirements and any commitments made to supervisors could have significant consequences on the Group, such as the deterioration of net income or its financial position as well as an increase in the required regulatory capital.

The obligations of the Sapin 2 law were taken into account with the publication of a new ethics charter a code of conduct aimed at preventing risks of corruption, as well as a procedure for handling ethics alerts guaranteeing the protection and confidentiality of whistle-blowers.

In addition, the EU's Insurance Distribution Directive, which came into force on 1 October 2018, presents considerable progress in the area of marketing of insurance products to consumers, such as better pre-contract information, definition of governance rules for products within the Company, management of conflicts of interest, and training of salespeople. Within this framework, during 2018 the Group carried out several IDD compliance projects, including the enrichment of the Sales Assistance Tools with the Standardised Information Documents and the duty to advise letters and the product governance and supervision system.

Changes in regulations that aim to strengthen the protection of policyholders and confer broad powers of regulation on the regulatory authorities could also affect the Group's ability to sell the products that it offers.

The rapidly changing regulatory environment and the firmness shown by the regulatory authorities in the interpretation and application of current regulations require that Groupama be especially vigilant in respect of compliance.

Despite the measures implemented to comply with existing regulations, Groupama could, through its activities as an insurer, Asset Manager, securities issuer, investor, employer, and taxpayer, be subject to regulatory investigations, sometimes accompanied by civil actions.

Systems to fight money laundering and the financing of terrorism are thus the subject of particular attention and controls by the legislative and regulatory authorities, with sanctions for non-compliance.

Given the complexity and the stricter requirements on this topic (revision of the joint guidelines of the ACPR and Tracfin on the Tracfin reporting requirements, transposition of the 4th Directive into domestic law on 1 December 2016, etc.), both the risks and the costs of compliance are increasing.

In the same way, with regard to distribution, the Insurance Distribution Directive with broad requirements covering the duty to advise, management of conflicts of interest, supervision and governance of products, disclosure and transparency or the Regulation on key information documents for packaged retail and insurance-based investment products (PRIIPs) could also increase the costs of operational compliance of the Group's entities.

Lastly, the Group's actions through the approved consumer association now possible in France in certain areas of involvement (consumption and health in terms of compensation for bodily injuries) could increase the risks and litigation costs of the Group's entities.

This strengthening of regulatory requirements, the potential impact of which is difficult to estimate, could significantly affect the business, reputation, net income and financial position of the Group.

5.1.4.3 Changes to tax legislation and regulations at the local, European or international level

Changes to the tax laws of countries where Groupama operates may have adverse consequences either on some Group products and reduce their attractiveness, especially those that currently receive favourable tax treatment, or on the Group's tax expense.

Examples of such changes include the taxation of life insurance policies or annuities contracts, changes in the tax status of some insurance or asset management products and tax incentives or disincentives to investing in some asset classes or product categories.

Groupama generally remains vigilant on the future interpretations or developments of the tax systems in the countries in which it operates that could lead to an increase in tax expenditures, generate compliance costs, or adversely affect the Group's activity, cash position, and net income.

In this regard, recent tax developments in France have been marked by significant tax reform for companies but with no major impact on the Group.

The French finance act for 2019 includes an adaptation of the tax integration regime to meet a need for compliance with Community law, which eliminates some of its advantages, without significantly leading to recurring tax costs for the Groupama Assurances Mutuelles tax group.

Similarly, the reform of the system for deducting financial expenses from the corporate tax base has no negative impact on the Group.

However, the announcement of the postponement of the planned reduction of the corporate tax rate, as part of the financing of the "yellow vests" measures, will naturally be costly for the Group since it will result in at least maintaining the 2019 corporate tax rate at 34.43% instead of 32.02%. Pending the introduction of the legislative text, it also raises doubts as to whether the target rate will be reached in 2022 (25.83%).

With regard to VAT, and in addition to the expected change in the Directive on grouping of resources, it should be stressed that the DLF (directorate of tax legislation) recently presented the main points of a proposed VAT group regime, which should be included in the next finance bill for 2020.

5.1.4.4 Potential changes to International Financial Reporting Standards

Groupama's consolidated and combined financial statements were prepared in accordance with the International Financial Reporting Standards and IFRIC interpretations in final form and came into force on 31 December 2018, as adopted by the European Union. Two major standards, IFRS 9 on financial instruments replacing IAS 39 and IFRS 17 on insurance contracts replacing IFRS 4, will come into effect on 1 January 2022. They will have a significant impact on the accounts of insurance groups and financial institutions both in the recognition of assets and liabilities and in the recognition of income and expenses in the income statement.

5.1.4.5 Diversity of legal systems in the countries where the Group operates

In recent years, Groupama has expanded internationally into countries where judicial and dispute resolution systems may have a different level of maturity to those of France or the countries of northern and southern Europe. As such, Groupama could find it difficult to take legal action or to enforce judgements in its favour. In such cases, the possible legal ramifications could adversely impact the Group's activities and net income.

5.2 RISK MANAGEMENT AND SENSITIVITY ANALYSES

This section corresponds to Note 47 to the consolidated financial statements for fiscal year 2018, audited by the statutory auditors.

As a multi-line insurer, Groupama is subject to various types of insurance risks with variable time horizons. The Group is also exposed to market risks because of its financial investment activities, particularly credit risks and the risks related to interest rates, equity markets, foreign exchange, and real estate. Liquidity and reinsurer insolvency risks are also specifically monitored by the Group. In addition, the Group is subject to operational, regulatory, legal and tax risks as are all companies in other business sectors.

5.2.1 ORGANISATION OF RISK MANAGEMENT WITHIN THE GROUP

The general principles, the objectives, and the organisation of internal control are defined in the Group's internal control policy. An internal audit policy, a component of internal control, supplements the provisions of the internal control policy and specifies its own operating rules and its areas of involvement. A general risk management policy and policies dedicated to covering all the risks to which the Group is exposed as well as a compliance policy, defining the overall framework for implementing and operating the compliance system within the Group, complete the system. All these policies are approved by the Groupama Assurances Mutuelles Board of Directors.

The Group risk management policy is the basis for risk management at both the Group level and the entity level. It defines all the structuring principles of the risk management system within Groupama in terms of risk identification, measurement, and management methods and in organisational terms.

The Group's entities formalise their risk management policy and the various risk policies in line with the Group's policies and depending on their risk profile, their organisation, and their country of operation. The service (or resource), distribution, and financial subsidiaries implement a risk management system in accordance with the rules applicable to their activities and consistent with the framework established by the Group.

The implementation of a consistent risk management system within the Group is ensured by:

- the definition of standards and a structuring framework for analysis and control of risks;
- support from the entities in the implementation of this risk management system;
- downstream checks of compliance with the Group standards and the effectiveness of the risk management system implemented within the entities.

Since 2014, the risk management system has also relied on the ORSA (Own Risk and Solvency Assessment) process, which is reflected in the drafting of an annual report. This exercise, which aims to assess risks and solvency, is carried out at the level of each Group entity and at the consolidated level, and each report is validated by the Board of Directors of the entity in question and communicated to the regulator.

Risks are identified according to the Group classifications defined by risk area – operational, life insurance, non-life insurance, and financial – common to all Group entities and incorporating the Solvency 2 risk classification. Each major risk (Group and entity) is assigned a risk "owner" responsible for monitoring and controlling the risk in accordance with the standards defined by the Group. The risk owners establish risk control plans, which are implemented within the Group's entities.

At the Group level, risks related to the insurance business lines are monitored especially by the Groupama Assurances Mutuelles and Groupama Gan Vie Business Departments specialising in the areas in question and by the Reinsurance Department. The Finance Department is responsible for managing the risks related to assets and Asset/Liability Management. Operational risks are monitored by the Business Departments, Support Departments, or subsidiaries of Groupama Assurances Mutuelles specialising in the area in question.

Operationally, the internal control system of the entities and the EIG Groupama Supports & Services is organised around three complementary systems:

- risk management and permanent control/compliance of each entity;
- internal or operational auditing of each entity;
- Group risk management and permanent control/compliance as well as the Group General Audit Department, reporting to the Executive Management of Groupama Assurances Mutuelles, which direct and coordinate the Auditing and Risk & Control functions within the Group.

Several bodies are responsible for governance of the risk monitoring system at the Group level:

- the Group Risk Committee: composed of the members of the Group Executive Committee and Manager of the Risk Management key function; its tasks are to approve the risk management policy, particularly by setting the limits of risks and approving the measures to be used to manage the risks and supervising the management of major risks for the Group;
- the Risk Committees by risk family (insurance, financial, operational, and compliance) organised by the Group Risk Management, Operational Risk Management/Permanent Control, and Compliance Departments and made up of major risk owners and according to the affected areas of the representatives of the Groupama Assurances Mutuelles business and support departments (Group Actuarial Department, Group Steering and Results Department, Investments, etc.), French Subsidiaries/International Subsidiaries Department, and Asset Management subsidiaries;

- the Capital Management Committee consisting of the Deputy CEO, the Chief Financial Officer, the Director of Risk Management, Control, and Compliance, the Investment Directors, the Finance Director, the Solvency 2 Director, and the representative of the International Department in charge of monitoring international subsidiaries.

Similar systems are in place at the entity level.

In addition, a committee for the implementation and sharing of objectives, decisions, and best practices between the Group's entities has been set up. This ARC Operation Committee (Audit, Risk, and Control operational implementation committee) is coordinated by the Group Risk Management, Control, and Compliance Department and the Group General Audit Department. It brings together the regional mutuals, the main insurance subsidiaries in France, and Groupama Supports & Services (G2S).

5.2.1.1 Regional mutuals

As autonomous legal entities, the regional mutuals implement their own internal control measures and manage their risks in compliance with the Group's standards. These systems are adapted to each regional mutual based on its organisation, its activities and its resources, under the authority of the Executive Management. Regarding organisation and governance, the roles and responsibilities of the administration and executive management bodies, key functions, and operational or support departments involved in risk management are specified in the risk policies. The Group Risk Management, Control, and Compliance Department supports the regional mutuals in monitoring and rolling out Group standards.

All of the Risk Management and Permanent Control/Compliance Managers of the regional mutuals supplement the plan and meet regularly within the framework of information exchange and best practices bodies (workgroups, theme-based workshops and training), directed by the Group Risk Management, Control, and Compliance Department; work relating to the implementation of Pillar 2 of Solvency 2 is also handled there.

The regional mutuals are reinsured within the specific framework of an exclusive reinsurance agreement entered into between them and Groupama Assurances Mutuelles (General Reinsurance Regulations). The General Reinsurance Regulations of the regional mutuals are one of the primary insurance risk control systems. The principles and rules of reinsurance are formalised in the reinsurance policies of the Group and entities.

For the risks related to the distribution of banking products and life insurance, the regional mutuals apply, in coordination with the Group Risk Management, Control, and Compliance Department, the risk management procedures defined by Orange Bank and Groupama Gan Vie.

5.2.1.2 Groupama Assurances Mutuelles and its subsidiaries

Subsidiary risk is subject to triple monitoring:

- inter-company monitoring by the Groupama Assurances Mutuelles business, functional, or support departments specialising in the area in question, as indicated above;
- ongoing monitoring by the services of the division to which they are attached:
  - Group Finance Department for financial subsidiaries,
  - Group Insurance and Services Department for the Non-Life insurance subsidiaries, the French service subsidiaries, Orange Bank, and Groupama Supports & Services,
  - Groupama Gan Vie's Executive Management for the life insurance subsidiary and the distribution subsidiaries Gan Patrimoine and Gan Prévoyance,
  - International Subsidiaries Department for international subsidiaries;
- monitoring by each subsidiary or EIG of Groupama Assurances Mutuelles as part of the responsibility of its Directors and in accordance with Group standards. Following the example of the regional mutuals, the Group Risk Management, Control, and Compliance Department supports Groupama Assurances Mutuelles and its subsidiaries in monitoring and rolling out the internal control and risk management procedure. With regard more particularly to Groupama Gan Vie, the Regulatory and Environmental Management Committee addresses all the compliance issues of this subsidiary.

All of the risk management and Internal Control Managers of the French and international subsidiaries supplement the plan and meet regularly within the framework of information exchange and best practices bodies (workgroups, theme-based workshops, and training), led by the Group Risk Management, Control, and Compliance Department.

The Groupama Assurances Mutuelles Board of Directors, with the assistance of the audit and Risk Management Committee, nearly half of whose members are Independent Directors, is responsible for the validation and monitoring of the risk management strategy, its implementation and future directions, the validation of risk policies, the review of the consistency of internal control work, and the monitoring of risks.

Lastly, the Board of Directors, particularly through the Groupama Assurances Mutuelles Audit and Risk Management Committee, is included in the Group's various tasks for the application of the Solvency 2 directive, including work relating to ORSA particularly with the validation of stress scenario assumptions and the examination of the ORSA report for validation by the Board of Directors.

5.2.1.3 Group

The Group's general audit function carries out several types of audits, including a global economic and financial audit of the Group's main entities on a three-year basis, in addition to the operational audits conducted within the entities, audits on the Groupama Assurances Mutuelles processes and the Group's cross-functional processes, and audits performed on behalf of some entities as part of the pooling of the Audit key function with Groupama Assurances Mutuelles. The audit plan of the Group

General Audit Department is confirmed by the Executive Management of Groupama Assurances Mutuelles and approved by the Audit and Risk Management Committee of Groupama Assurances Mutuelles and the Board of Directors of Groupama Assurances Mutuelles. Every mission involves a review of the risk and internal control system for the activity or entity audited; a report is prepared on the engagement presenting the observations, conclusions and recommendations to the Executive Management of Groupama Assurances Mutuelles. A regular summary is presented to the Audit and Risk Committee. A report on the progress of the recommendations is communicated on a quarterly basis to the Groupama Assurances Mutuelles Executive Management as well as the Audit and Risk Management Committee of Groupama Assurances Mutuelles.

The Group Risk Management, Permanent, and Compliance functions are responsible for ensuring that all Group entities comply with the requirements of Executive Management in terms of the internal control, compliance, and risk management system, as well as those of Solvency 2, Pillar 2.

With regard to risk management, the Group Risk Management Department is especially involved in areas related to financial risks, insurance risks, and risks related to the Group's solvency, the Group Operational Risk Management and Permanent Control Department is especially involved in the scope related to operational risk management, and the key function of Compliance Verification of Groupama Assurances Mutuelles, the Group compliance officer, is involved in the areas related to non-compliance and image risks. Within this framework, these departments, according to their area of responsibility:

- assist the administrative and Executive Management bodies in defining:
  - the risk strategy,
  - the structuring principles of the risk management system;
- are responsible for the implementation and coordination of the risk management system, consisting particularly of the risk management policies and the processes for identifying, measuring, managing, and reporting the risks inherent in the Group's activities;
- monitor and analyse the Group's general risk profile;
- report on exposures to risk and alert the administration and Executive Management bodies in case of major risks threatening the Group's solvency;
- lead the Risk Committees;
- lead the working groups and bodies with the entities.

More specifically, the Group Risk Department, as regards the risk management function, is responsible for:

- developing the Group risk management policy and the coordinating policies relating to insurance and financial risks together with the risk owners concerned;
- defining the process for setting the Group's risk tolerance (risk limits);
- monitoring the major Group insurance and financial risks (RMG);
- assessing and rating insurance and financial risks, including sensitivity analyses and stress tests;
- implementing the ORSA process: internal assessment by the Company of its risks and its solvency situation;
- supporting the Group's entities in adapting the risk management system.

The Group Operational Risk Management and Permanent Control Department is responsible for:

- developing the Group's internal control and operational risk management policies;
- developing the Group's standards and reference sources (mapping of processes, operational risks, permanent control plans, reference source of permanent controls) and overseeing the system within the entities;
- monitoring and assessing operational risks (related to control of processes);
- acting as project owner of the EU tool for management of operating risks, OROp, managing in particular the collection of permanent control results, the incident database and the assessment of operational risks;
- establishing the internal control of the Groupama Assurances Mutuelles entity;
- defining the business continuity policy (BCP), respecting its implementation, overseeing the system within the entities;
- ensuring data quality, in terms of governance and control plan;
- ensuring the internal validation of the internal model;
- supporting the Group's entities in adapting the operational risk management and permanent control systems (steering, coordination, facilitation, information, and training);
- reporting on the status of the Group's Internal Control system, for the purposes of communication to the governance bodies as well as the appropriate supervisory authorities by the Director of the Group's Risk Management/Control, and Compliance Department.

The key function of Compliance Verification of Groupama Assurances Mutuelles, the Group Compliance Officer, is more specifically responsible for:

- developing the Group Compliance policy. This function is involved in drafting Group compensation policies and governance and product oversight policies, in conjunction with the Groupama Assurance Mutuelles Departments concerned;
- overseeing the Compliance functional line and those responsible for the key function of Compliance Verification by ensuring, where necessary, that legal, regulatory and jurisprudential practices, conducted by the Group Legal Department, are implemented;
- regularly ensuring that local policies, when implemented, comply with the Group's policies and procedures. (Group Legal Department ensures the compliance with the French laws and norms);
- identifying, assessing, overseeing, and monitoring the exposure to non-compliance risks (risk mapping, dashboards, risk sheets, etc.);
- assisting the business lines in drafting the level 1 control plans to strengthen non-compliance risk management, draw up the level 2 control plans;
- implementing and overseeing, in collaboration with all the Group companies, prevention, identification and management of conflicts of interest;

- contributing to drawing up replies to the authorities, with the Group Legal Department and entities that are concerned;
- reporting to the governance bodies of the Group and the entities about the management of non-compliance risks.

Each Group entity has Risk Management, Permanent Control, and Compliance Functions.

The definition of the information systems security policy and its implementation by the entities is the responsibility of Groupama Support & Service (G2S), which reports to the Group Operational Risk Management and Permanent Control Department.

In addition, the Group Management Control Department is responsible for the ongoing monitoring of results and achievement of the Group's objectives based on a process of estimated management common to all entities.

This monitoring system also involves business reviews of subsidiaries conducted by the Executive Management of Groupama Assurances Mutuelles with biannual business reviews. These reviews include a specific "risk" section that presents, by entity, the level of deployment of the internal control system and the principal work in progress in terms of risk management.

5.2.2 INSURANCE RISKS

5.2.2.1 Prudential oversight

Pursuant to European Directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined Group.

5.2.2.2 Objectives for managing risks resulting from insurance policies and methods to limit these risks

The Group's insurance business exposes it to risks primarily related to product design, underwriting, claims management, valuation of reserves, and reinsurance.

(a) Product design

Most of Groupama's business lines are subject to strong and increasing competition from other insurance companies, bancassurance companies, and mutual insurance companies. This fierce competition places great pressure on the price of certain Groupama products and services and therefore on its profitability. The Insurance Divisions of Groupama Assurances Mutuelles ensure that the product line is adapted to the Group's strategy. Life and non-life insurance products are designed by the business units of Groupama Assurances Mutuelles and Groupama Gan Vie on behalf of the Group's companies. This design is the result of market and profitability studies performed with actuarial tools to control margins in collaboration with the Actuarial Department of the Group and the Investment Department where appropriate. Product launches or changes are carried out on the basis of a standard process incorporating the validation of the deliverables for customers and salespeople by the Group's Legal, Risk, and Compliance Departments and are adapted by Division (regional mutuals, subsidiaries in France, International subsidiaries). Throughout the product governance process, measures are integrated to take into account the interests and characteristics of the target customers.

The main steps of this process are validated in the determined committees (Operating Committees, Insurance Risks Committee, Group Executive Committee).

In 2017, the product design process underwent a global review as part of the work related to the application of the Insurance Distribution Directive, which came into force in 2018. To that end, a product governance policy was developed and validated by the Board of Directors in December 2017.

(b) Underwriting and claims management

The underwriting risk management and claim management principles are formalised in the Group Underwriting and Reserving policy approved by the Groupama Assurances Mutuelles Board of Directors. In particular, it specifies the underwriting rules, limits of cover, and exclusions in accordance with the reassurance agreements by area of insurance.

Assignment of powers for underwriting and claims are defined in all of the Group's companies. Risks are accepted or refused at every level, based on underwriting guidelines that include the Group's underwriting and commercial policies. Underwriting in particular is secured through a cross Managerial control procedure and through integrated controls performed implicitly by the IT system.

Claims management procedures are defined on a standard basis throughout the Group and are regularly updated in procedural specifications governing the management of bodily injury and property damage claims. Moreover, the integration of processing within the IT systems of the entities ensures that management actions are performed. Claims management includes a review of claims files starting at an average commitment threshold.

The Group's insurance business is explicitly or implicitly monitored using analytic procedures, such as regular analysis of the results of each entity and monitoring underwriting statistics and loss experience by entity. The most significant and most complex risks are individually monitored by the specialist Divisions and the entities concerned. In addition, these specialist Divisions also act to warn and advise the entities.

(c) Valuation of reserves

In accordance with the practices of the insurance sector and with accounting and regulatory requirements, Groupama recognises technical reserves to cover claims and its property and life insurance business lines.

Determining technical reserves, however, remains an intrinsically uncertain process, relying on estimates.

The application of reserve rules is continually monitored, both before and after the fact, by teams dedicated to this task, in addition to the reviews that are conducted by the local supervisory authorities.

The rules for establishing reserves for claims and the funding tables for life and non-life disability payments are defined within the Insurance Divisions in guidelines that are harmonised for all Group entities. Reserves are evaluated by the claims Managers within the operational entities and, if necessary, are supplemented by reserves for losses that have occurred but have not yet been declared.

The calculation of technical reserves in life insurance and certain technical reserves in non-life insurance is also based on the use of an interest rate known as the "underwriting interest rate", the conditions of which are fixed in France by the Insurance Code. In France, the terms of this rate are set by the Insurance Code, which determines a maximum level by reference to the average rate for government borrowings (the T.M.E.). which is used to set rates for policies and calculate the insurer's commitments to policyholders.

The terms and conditions vary based on the type of policy and the duration of the commitments.

The reserving standards as well as the principles of measuring and controlling reserving risk are specified in the Group underwriting and reserving policies.

The breakdown of technical reserves and life and non-life insurance policies is presented in Note 25.1 to the annual financial statements.

Breakdown of actuarial reserves according to the criteria of commitments at fixed rate, variable rate, or absence of rate commitments

The breakdown of actuarial reserves based on fixed-rate, variable-rate (*i.e.*, tied to a market rate) or no rate commitments was as follows:

	31.12.2018			31.12.2017
(in millions of euros)	France	International	Total	Total
Commitments guaranteed at fixed rate	36,085	2,699	38,784	39,463
Commitments guaranteed at variable rate	7,700	21	7,721	7,755
Unit-linked and other products without rate commitment	9,323	938	10,261	10,587
TOTAL	**53,108**	**3,658**	**56,766**	**57,806**

The weight of guaranteed-rate commitments continues its slow decline. The share of unit-linked and other products without rate commitment decreased, representing 18.1% of total commitments (versus 18.3% at the end of 2017).

(d) Reinsurance

Reinsurance is organised on two levels. The Internal Reinsurance performed by Groupama Assurances Mutuelles for all Group entities is designed to optimise retentions for each entity. The external reinsurance defines the optimum reinsurance structure for the Group and the level of risk coverage on the bases of computer models. External reinsurance contracts are renegotiated and renewed each year by Groupama Assurances Mutuelles on behalf of the entire Group. Moreover, selection rules defined in the securities in reinsurance committee, which is composed particularly of the External Outward Reinsurance Division of Groupama Assurances Mutuelles and the Group Risk Management Department, which are based on the ratings from ratings agencies, are designed to control the default risk of reinsurers.

The list of reinsurers is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment.

Approved reinsurers must have a rating compatible with the type of business reinsured, depending on whether they have a short or long accounting run-off.

The reinsurance principles and arrangements are described in the Group reinsurance policy.

5.2.2.3 Terms and conditions of the insurance policies which have a material impact on the amount, maturities, and uncertainty of the insurer's future cash flows

(a) General description

The Group offers a broad range of non-life insurance products designed for individuals, institutions and businesses. The motor, individual, professional and agricultural property damage policies offered by the Group are generally one-year contracts with tacit renewal, which include third-party liability coverage.

The Group offers a full line of life insurance products: this offer is packaged for individuals in the form of individual policies and for businesses in the form of Group policies.

The main individual insurance policies in euros offered to our customers are savings policies, term life policies, mixed insurance policies, deferred annuity policies with mandatory withdrawal in annuities, and deferred capital contracts with return of premiums.

The Group policies offered by the Group are essentially defined contribution pension plans and pension contracts by collective capitalisation in points with point value.

The Group also sells multi-component policies with one investment component in euros and one or more components in units of account.

(b) Specific features of certain non-life insurance policies

As with other insurers, the income and financial position of Groupama may be affected quite significantly by the unanticipated and random occurrence of natural or man-made events, such as floods, drought, landslides, storms, earthquakes, riots, fire, explosions, or acts of terrorism. For example, the storm suffered by France in December 1999 resulted in major damage and a significant increase in compensation claims by Groupama customers. Climate changes that have occurred in recent years, specifically global warming, have contributed to increasing the unpredictable nature and frequency of climate events and natural events in regions where Groupama is active, particularly in Europe, and have created new uncertainty as to Groupama's future risk trends and exposure.

Groupama is implementing a reinsurance programme to limit the losses it is likely to suffer as a result of events or other events affecting its underwriting results. The reinsurance programmes implemented by Groupama transfer a portion of the losses and corresponding expenses to the reinsurers. These programmes are supplemented by the issuance of a "cat bond" on the high tranche of the force-of-nature protections. However, as an issuer of policies covered by reinsurance policies, Groupama remains committed to all its reinsured risks. Reinsurance policies therefore do not relieve Groupama of the obligation to settle claims. The Group remains subject to risks related to the credit situation of reinsurers and its ability to obtain the payments due from them. Moreover, the reinsurance offering, the amounts that may be covered, and the cost of coverage depend upon market conditions and are likely to vary significantly.

Other factors in risk growth may be mentioned:

- ageing of the population (health, long-term care);
- increased pollution;
- strengthened legal structure (liability – compensation for bodily injury, etc.).

(c) Specific features of certain life insurance policies and financial contracts

Discretionary profit-sharing clause

Certain life insurance, savings and pension products offered by the Group contain a discretionary profit-sharing clause. This profit sharing must at least correspond to the regulatory and/or contractual constraints. Commercial considerations may lead to an increase in this profit-sharing. This increase, the amount of which is left to the insurer's discretion, allows policy holders to participate in financial management results and the underwriting results of the insurance company.

Early redemption option

Most of the savings and retirement products may be surrendered by the policyholders at a value defined by the policy before maturity. Large redemptions may have significant impact on the results or the solvency in certain unfavourable environments.

Specific features of unit-linked policies

Most unit-linked policies sold by Groupama do not generally provide for contractual performance. Under these conditions, the policyholder alone directly assumes responsibility for the investment risk. Certain policies may provide for a minimum redemption guarantee in case of the death of the policyholder.

(d) Mortality and longevity risks

In life insurance, the payment of benefits depends on the death or the survival of the policyholder. It is the occurrence of one or other of these events that gives the right to payment of a benefit. The probability that these events will occur is estimated through experiential or regulatory statistical tables. In most cases, reserves are calculated using the regulatory tables based on statistics of population change. These tables are regularly revised to take demographic changes into account. The income or equity is potentially exposed to risk if demographic change deviates from experience with regard to these reserving tables.

The amount of actuarial reserves for annuities is as follows:

	31.12.2018			31.12.2017
(in millions of euros)	France	International	Total	Total
Actuarial reserves for life annuities	10,108	13	10,121	10,031
Actuarial reserves for non-life annuities	2,303	21	2,324	2,343
TOTAL	**12,411**	**34**	**12,445**	**12,374**

The share of actuarial reserves for life annuities continued to be largely predominant at the end of 2018 (> 80% of annuity commitments).

5.2.2.4 Information on concentrations of insurance risk

The Group is potentially facing a concentration of risks that will accumulate.

There are two types of overlapping risks:

- the risks of underwriting overlaps in which the insurance policies are underwritten by one or more of the Group's entities for the same risk;
- the risk of claim overlaps in which the insurance policies are underwritten by one or more entities of the Group on different risks, which may be affected by claims resulting from the same loss event, or the same initial cause.

(a) Identification

Overlapping risks can be identified at the time of underwriting or during ongoing management of the portfolio.

A major role in the process of identifying overlaps during underwriting is assumed by the Group, through risk inspections, verification of the absence of overlapping co-insurance or inter-network insurance lines, identification of overlapping commitments by site.

In addition, the underwriting procedures for certain risk categories help to control overlapping risks at the time of underwriting. The procedures applicable to property damage underwriting include:

- the verification of overlapping geographical risks at the time of underwriting for major risks (agricultural risks, agri-business risks, industrial risks, municipalities);
- initial elimination during the underwriting process of cases of inter-network co-insurance overlapping risks. These Directives are defined in internal procedural guidelines.

The procedures in force for managing overlapping portfolio risks cover:

- identification of the inter-network co-insurance overlapping risks;
- inventories of commitments by site for agri-business risks; in addition, high-risk business sectors for which the Group insures the property damage and/or third-party liability risks are specifically monitored by the relevant specialist Insurance Division;
- statements of commitments for risks of storms, hail, greenhouses, frost and commercial forestry, which are used to calculate the exposure of these portfolios to storm risk.

(b) Protection

Protection consists of implementing reinsurance coverage, which will first be adapted to the total amount of the potential loss and, second, corresponds to the kind of risk covered. The loss may be human in origin (fire, explosion, accident involving people) or of natural origin (weather event, such as storm, hail, etc.).

The underwriting limits (maximum values insured per risk in property insurance or per person for life and health insurance) are used in the context of catastrophic scenarios and compared with losses that have already occurred. Once these amounts have been defined, they are increased by a safety margin. Moreover, specific monitoring is performed to track the adequacy of the coverage with the risks underwritten.

In the case of a natural event, a needs analysis consists of an initial study on the basis of the reference loss, which is re-evaluated on the basis of the change in the portfolio and the French Construction Federation (FFB) index. At the same time, simulation calculations of the exposure of the portfolios are performed using stochastic methods that result in the production of a curve showing the change in the potential maximum loss as a function of different scenarios. The results are cross-checked, analysed and discounted every year to allow the Group to opt for appropriate reinsurance solutions with a reduced margin of error.

5.2.3 MARKET RISKS

The general system for managing risks relating to Asset/Liability Management and investment operations is specified in the Group Asset/Liability Management and investment risk policy approved by the Groupama Assurances Mutuelles Board of Directors.

There are several categories of major market risks to which Groupama might be subject:

- interest rate risk;
- risk of variation in the price of equity instruments (stocks);
- foreign exchange risk;
- credit risk;
- risk on property assets.

5.2.3.1 Interest rate risk

(a) Type of and exposure to interest rate risk

During a period of interest rate volatility, the Group's financial margins might be affected. Specifically, a drop in interest rates would have a negative effect on the profitability of the investments. As such, during a period of low interest rates, the financial performance of the Group might be affected.

Conversely, in the event of an increase in rates, the Group may have to face a rush of redemptions for these policies, which would lead to the sale of a portion of the bond portfolio under unfavourable market conditions.

The consequences of interest rate changes would also impact the SCR and MCR coverage rates.

(b) Group risk management

Several years ago, the Group implemented systematic studies on the exposure of the Group's subsidiaries to market risks.

Asset/Liability Management

Asset/liability simulations permit an analysis of the behaviour of the liabilities in different interest-rate environments, particularly the ability to meet the remuneration requirements for the policyholder.

These simulations allow the Group to develop strategies designed to reduce the impact of contingencies on the financial markets on both the results and on the balance sheets.

Interactions with redemption risk

Redemption behaviours are sensitive to changes in interest rates: an increase in the rates can lead to an increase in the policyholders' expectation of revaluation and, if this expectation cannot be met, the sanction of early redemptions. In addition to the loss of income and an increase in payouts, the risk will be losses related to the disposal of assets at a loss (which could be the case for fixed-rate bonds) in cash of insufficient cash.

The objective of Asset/Liabilities Management is to optimise the policyholder's satisfaction and the insurer's risk using strategies that take into account the various reserves available (including cash) and bond management strategies coupled with hedging products.

Interest rate risk related to the existence of guaranteed rate

The constraints of guaranteed minimum interest rates constitute a risk for the insurer if rates fall, as the yield on the assets may be insufficient in terms of these constraints. These risks are handled at the regulatory level through specific risks.

Rate hedges

RISK OF RATE INCREASE

The purpose of the hedges that are implemented is to partially hedge the portfolios against the risk of interest rate increases. This is made possible by converting fixed-rate bonds into variable-rate bonds ("payer swaps"). The strategy consists of transforming a fixed-rate bond into a variable rate, either on a security held or new investments, and has the objective of limiting the capital loss recognised because of an increase in interest rates in case of partial liquidation of the bond portfolio for the payment of benefits. These strategies aim to limit the impact of potential redemptions.

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

(c) Sensitivity to interest rate risk analysis

Pursuant to IFRS 7, an analysis of accounting sensitivity was carried out at 31 December 2018 with a comparative period. This analysis applies to year-end balance-sheet postings that show accounting sensitivity to interest rate risk (underwriting non-life and life liabilities, bond investments, financing debt in the form of bonds). It is not similar to analyses applying to embedded-value-type prospective data.

The impacts on group's equity and income are shown net of profit sharing and corporate tax.

Sensitivity of technical insurance liabilities analysis

NON-LIFE INSURANCE

Regarding non-life underwriting liabilities, risk mapping allows the sensitivity of portfolios showing interest rate changes to be analysed, *i.e.*, portfolios of current annuities and temporary payments (individual life and health insurance, and third-party liability insurance premiums). With the exception of increasing annuities and risk reserves for long-term care risk, as non-life insurance technical reserves are not discounted on the consolidated accounts, these amounts are therefore not sensitive to changes in interest rates.

At 31 December 2018, the amount of the discount in the actuarial reserves for non-life annuities, before reinsurance, was €127 million. The amount of the discount in the reserve for increasing risks on long-term care, gross of reinsurance, was approximately €59 million.

The result of the sensitivity to interest rates analyses shows that the Group is not particularly sensitive with regard to all its non-life commitments. The impact of a change of +/-100 basis points, calculated net of tax, is shown in the following table:

	31.12.2018		31.12.2017	
	Interest rate		Interest rate	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on income (net of taxes)	67	(66)	54	(66)
Equity impact (excluding income)				

LIFE INSURANCE AND FINANCIAL CONTRACTS

This analysis was limited to life commitments with accounts sensitive to changes in interest rates.

Moreover, with the exception of the floor guarantees, no sensitivity analysis was carried out on actuarial reserves for account unit policies, since the risk of change in the index is assumed by the policyholder rather than by the insurer.

The impact of sensitivity to changes in interest rates of +/-100 basis points on the Group's life commitments is shown net of taxes in the following table:

	31.12.2018		31.12.2017	
	Interest rate		Interest rate	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on income (net of taxes)	20	(27)	22	(25)
Equity impact (excluding income)				

Sensitivity of financial investments analysis

The following table shows the impacts on income and on the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of a change up or down of 100 basis points (+/-1%) in interest rates.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the securities;
- the current tax rate.

In fiscal year 2018, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 65.36% to 88.03%.

	31.12.2018		31.12.2017	
	Interest Rate Risk		Interest Rate Risk	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on the revaluation reserve	**(550)**	**602**	**(560)**	**617**
Equities				
Equity mutual funds				
Bonds	(542)	594	(551)	608
Fixed-income mutual funds	(8)	8	(9)	9
Derivative instruments and embedded derivatives				
Impact on net income	**(15)**	**16**	**41**	**(40)**
Equities				
Equity mutual funds				
Bonds	(1)	1	(4)	5
Fixed-income mutual funds	(34)	35	(16)	16
Derivative instruments and embedded derivatives	20	(20)	61	(61)

We note that the change in fair value of the derivatives and embedded derivatives, which primarily correspond to hedge derivatives, passes through the income statement.

Financial debt sensitivity analysis

The subordinated debt posted to liabilities in the Group's accounts may be posted to debt or group's equity under IFRS.

In fiscal year 2014, the Group issued perpetual bonds consisting of perpetual subordinated instruments (TSDI). The features of this issuance meet the criteria to allow the bond to be considered an equity instrument (see Note 21 – Shareholders' equity). Consequently, a sensitivity analysis is not required.

The principal features of the financial debt instruments analysed are described in Note 24 – Financing Debt.

The Group's subordinated debt is recognised at historical cost. In this respect, this balance sheet item is therefore not sensitive to potential changes in interest rates.

5.2.3.2 Risk of variation in the price of equity instruments (stocks)

(a) Type of and exposure to equity risk

Exposure to equity markets allows the companies to capture the yield on these markets but also exposes them to two major types of risks:

- accounting reserving risk (reserve for long-term impairment, reserve for contingent payment risks, reserves for financial contingencies);

- the commercial risk brought about by the reserving risk insofar as policyholder compensation could be impacted by the aforementioned reserving.

The weight of equity instruments out of total financial investments (including operating property) was 4.6% in market value, not including option exposures. Most equity instruments are classified in “available-for-sale assets”. Equity instruments include:

- equities in French and foreign companies listed for trading on regulated markets. The exposure can also be done in index form and possibly in the form of structured products whose performance is partially indexed to an equity index. They may be held directly or within mutual funds (FCP and SICAV);
- equities in French and foreign companies that are not listed. They may be held directly or in the form of a venture capital fund (“FCPR”).

(b) Group risk management

The Group tactically manages its hedges and exposure according to market levels with variations in its low exposure over 2018. The Group also pursued its diversification policy through commitments in unlisted equities.

The Group manages equities as part of internal constraints according to two distinct processes:

- a primary limit fixing the maximum permissible exposure to equity risk;
- a set of secondary limits with the objective of limiting the equity portfolio’s concentration by sector, issuer, or major type as well as illiquid equity categories.

These limits are observed at the level of each insurance entity and at the Group level. Any exceeding of the limits is handled according to whether it is part of an entity or the Group by the corresponding Risk Committees.

(c) Sensitivity of financial investments to equity risk analysis

The following table shows the impacts on income and the revaluation reserve (classified under shareholders’ equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in stock market prices and indices.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the securities;
- the current tax rate.

In fiscal year 2018, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 65.36% to 88.03%.

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	31.12.2018		31.12.2017	
	Equities risk		Equities risk	
(in millions of euros)	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	**59**	**(59)**	**57**	**(57)**
Equities	34	(34)	32	(32)
Equity mutual funds	25	(25)	25	(25)
Bonds				
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**10**	**(10)**	**19**	**(19)**
Equities				
Equity mutual funds	10	(10)	19	(19)
Bonds				
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				

5.2.3.3 Foreign exchange risk

(a) Exposure to foreign exchange risk

Exposure to foreign exchange risk for subsidiaries in the eurozone corresponds primarily to their assets, subject to exchange rate fluctuations of mutual funds or securities denominated in foreign currencies and mutual funds denominated in euros applying to foreign-currency securities. In practice, the portfolios are exposed primarily to foreign exchange risks corresponding to the euro rate against the dollar, the Hungarian forint, the Romanian leu, the Bulgarian lev, the pound sterling, and the Turkish lira.

Investments made by Groupama, within the context of its international subsidiaries, exposes it to the net accounting position of entities with a different functional currency from the euro. To date, this includes the pound sterling, the Turkish lira, the Hungarian forint, the Romanian leu, the Bulgarian lev, the yuan, and the Tunisian dinar. These impacts are posted in group's equity, under foreign exchange adjustment.

(b) Managing foreign exchange risk

Exchange rate risk is currently hedged mainly through currency swaps. The documentation is updated each time the financial statements are closed. These instruments do not correspond to the accounting notion of hedging as defined by IFRS.

(c) Analysis of exchange rate sensitivity

The following table shows the impacts on income and the revaluation reserve (posted under shareholders' equity) of a sensitivity analysis carried out in the event of an up or down change of 10% in all currencies against the euro.

The impacts are shown after taking the following factors into consideration:

- the rate of profit sharing of the entity holding the securities;
- the current tax rate.

In fiscal year 2018, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 65.36% to 88.03%.

	31.12.2018		31.12.2017	
	Foreign exchange risk		Foreign exchange risk	
(in millions of euros)	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	35	(35)	34	(34)
Equities	12	(12)	11	(11)
Equity mutual funds	1	(1)	1	(1)
Bonds	22	(22)	22	(22)
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income				
Equities				
Equity mutual funds				
Bonds				
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				

Hedging effects are not taken into account when calculating sensitivity. Consequently, the numbers listed above represent maximum risk and the actual impact reported in the Group's financial statements is considerably lower.

5.2.3.4 Credit risk

The Group's bond portfolio breakdown by rating and by issuer quality is presented in Notes 7.8.3 and 7.8.4 of the annual financial statements.

The Group manages credit risk as part of internal constraints. The main objective of these constraints is to limit the concentration of issues according to several criteria (country, issuer, ratings, subordinated issues).

These limits are observed at the level of each insurance entity and at the Group level. Any exceeding of the limits is handled according to whether it is part of an entity or the Group by the corresponding Risk Committees.

(a) Spread hedges

Spread widening risk

In addition, a hedging strategy was tested during a pilot operation intended to protect the value of a bond against the risk of widening of its spread. The strategy involved fixing the bond's spread to one year using a dedicated FFI. At the end of the hedge (one year renewable), a finalising balancing payment was paid in return for the gain on the value of the bond hedged for the variation of its spread.

This hedge was the subject of specific documentation for accounting hedges at fair value under IAS 39.

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

A strategy for exposure to the 10-year swap rate is also being tested. It aims to allow the Group to take duration without exposure to spread risk (sovereign or credit). This operation is carried out using a vehicle paying the Euribor and an FFI exchanging this compensation for the 10-year swap rate.

(b) Risk on bonds of peripheral countries of the eurozone

The Group's gross exposure to sovereign debt of peripheral countries of the eurozone (Greece, Italy, Ireland, Spain, Portugal) amounted to €10.827 billion at 31 December 2018, representing 19% of the interest-bearing product portfolio.

(c) Managing counterparty risk

Internal procedures stipulate that any over-the-counter contract is systematically covered by guarantee contracts with the banking counterparties in question.

This systematic collateralisation of the hedging transactions significantly reduces the counterparty risk related to these over-the-counter transactions.

5.2.3.5 Risk on property assets

(a) Type of and exposure to property risk

Exposure to property markets makes it possible to capture the performance of these markets (investment property) and benefit from premises for its operating needs (operating properties), but it also exposes companies to three main types of risks:

- the investment risk generated by property restructuring operations;
- the accounting reserving risk in case of a realisable amount (sale price net of disposal costs or value in use) that is lower than the net book value;
- the commercial risk brought about by the reserving risk insofar as policyholder compensation could be impacted by the aforementioned reserving.

The weight of property assets out of total financial investments (including operating property) was 1.73% in market value. They may be held directly or in OPCI or SCI form. Property assets can be split into:

- investment properties representing 1.26% of total financial investments;
- operating properties representing 0.47% of total financial investments.

(b) Group risk management

Property assets are managed by the Group within a framework of internal constraints with a limit setting the maximum permissible exposure to property risk. The limits are defined at the level of each insurance entity and at the Group level. Any exceeding of the limits is handled according to whether it is part of an entity or the Group by the corresponding Risk Committees.

Within the constraints system and concerning investment risk especially, the property commitment committee decides on the property budget as a whole and on acquisition, restructuring, and development works projects beyond predefined amounts.

5.2.3.6 Summary of sensitivity to market risks analyses

The following table shows all the sensitivity to market risks analyses for fiscal years 2018 and 2017, broken down by group's equity and income, excluding profit sharing and taxes.

	31.12.2018				31.12.2017			
	Up fluctuation in sensitivity criteria		Down fluctuation in sensitivity criteria		Up fluctuation in sensitivity criteria		Down fluctuation in sensitivity criteria	
(in millions of euros)	Shareholders' equity	Income (Loss)	Shareholders' equity	Income (Loss)	Shareholders' equity	Income (Loss)	Shareholders' equity	Income (Loss)
Interest rate risk	**(550)**	**72**	**602**	**(77)**	**(560)**	**117**	**617**	**(131)**
Underwriting liabilities		87		(93)		76		(91)
Financial investments	(550)	(15)	602	16	(560)	41	617	(40)
Financing debt								
Equities risk	**59**	**10**	**(59)**	**(10)**	**57**	**19**	**(57)**	**(19)**
Financial investments	59	10	(59)	(10)	57	19	(57)	(19)
Foreign exchange risk	**35**		**(35)**		**34**		**(34)**	
Financial investments	35		(35)		34		(34)	

As a reminder, the sensitivity criteria applied were the following:

- up or down fluctuation of 100 basis points, for interest rate risk;
- up or down fluctuation of 10% in the stock market indices, for stock risk; and
- up or down fluctuation of 10% in all currencies against the euro, for exchange rate risk.

5.2.4 LIQUIDITY RISK

5.2.4.1 Nature of exposure to liquidity risk

The overall liquidity risk is analysed using the asset/liability approach, which defines the cash requirement to be held as an asset based on the liquidity requirements imposed by liabilities, using:

- technical cash flow projections in a central scenario;
- sensitivity scenarios on technical assumptions (production, claims ratio).

5.2.4.2 Risk management

Stress tests are regularly conducted on both assets and liabilities in order to ensure that in the event of a simultaneous increase in benefits payable and interest rates, the Group is able to meet its commitments in terms of both assets to dispose of and any realisations of capital losses.

At the end of 2018, the liquidity risk was greatly reduced by the size of unrealised capital gains present in the portfolio.

5.2.4.3 Financial investment portfolio by maturity

The profile of the annual maturities of the bond portfolios is listed in Note 7.8.2 of the annual financial statements.

5.2.4.4 Liabilities related to insurance policies and liabilities related to financial contracts by maturity

The profile of annual maturities of the liabilities related to insurance policies is the following:

	31.12.2018				31.12.2017			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Non-life technical reserves	4,370	3,496	5,047	12,913	4,367	3,619	4,820	12,805
Life technical reserves - insurance policies excluding unit-linked items	1,073	5,785	26,954	33,812	1,146	6,272	26,070	33,487
Underwriting liabilities relating to financial contracts with discretionary profit sharing excluding unit-linked items	365	2,895	9,277	12,537	378	3,136	10,103	13,616
Underwriting liabilities relating to financial contracts without discretionary profit sharing excluding unit-linked items			1	1			1	1
Reserve for deferred profit-sharing liability	3,756	4	44	3,804	4,954	6	54	5,014
TOTAL UNDERWRITING INSURANCE LIABILITIES AND LIABILITIES FOR FINANCIAL CONTRACTS	**9,564**	**12,180**	**41,323**	**63,066**	**10,844**	**13,032**	**41,048**	**64,925**

Most technical liabilities corresponding to financial contracts with and without discretionary profit sharing may be redeemed at any time. The table above provides an economic overview of the liquidation of technical insurance liabilities.

5.2.4.5 Financing debt by maturity

The principal features of financial debt, as well as its breakdown by maturity, are provided in Note 24 herein – Financial Debt.

5.2.5 RISK OF REINSURER INSOLVENCY

Outward reinsurance consists of transferring to the reinsurer a portion of the risks accepted by the ceding company. They are regularly reviewed to monitor and limit the credit risk on third-party reinsurers. The reinsurance securities committee examines and approves the list of reinsurers accepted for all external outward reinsurance.

This list is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings of the reinsurers to changes that may occur to them that would modify their solvency assessment. For any given reinsurance placement, any reinsurer approached for an outward reinsurance outside Groupama must first be on the list of the Group Security Committee.

Approved reinsurers must have a rating compatible with the type of business reinsured, depending on whether they have a short or long accounting run-off.

Transferred insurance technical reserves and recoverables are shown below, by rating, according to the three largest rating agencies (Standard & Poor's, Fitch Ratings, Moody's).

	31.12.2018						
(in millions of euros)	AAA	AA	A	BBB	< BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves		908	75		6	434	1,423
Share of reinsurers in life insurance reserves		12	17			36	65
Share of reinsurers in reserves for financial contracts with discretionary profit sharing							
Share of reinsurers in reserves for financial contracts without discretionary profit sharing							
Receivables from outward reinsurance operations		42	5			123	171
TOTAL		**962**	**97**		**6**	**593**	**1,658**

	31.12.2017						
(in millions of euros)	AAA	AA	A	BBB	< BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves		978	110	6	1	459	1,554
Share of reinsurers in life insurance reserves		18	28			34	80
Share of reinsurers in reserves for financial contracts with discretionary profit sharing							
Share of reinsurers in reserves for financial contracts without discretionary profit sharing							
Receivables from outward reinsurance operations		52	4	1	1	126	183
TOTAL		**1,048**	**142**	**7**	**1**	**619**	**1,817**

The total share of unrated reinsurers corresponds primarily to outward reinsurance to professional reinsurance pools, especially Assurpol, Assuratome, Gareat, and Réunion Aérienne, which are not subject to any rating.

A share of €337 million (€278 million for fiscal year 2017) is also represented by the Groupama Assurances Mutuelles retrocession to the regional mutuals under the Internal Reinsurance agreement. The breakdown is as follows:

- €333 million in share of reinsurers in non-life insurance reserves;
- €3 million in receivables from outward reinsurance operations.

5.2.6 OPERATING, LEGAL, REGULATORY, AND TAX RISKS

5.2.6.1 Operational Risks

Operational risks are managed in accordance with the principles and rules defined in the Group and Groupama Assurances Mutuelles operational risk management policy (see point 1).

The operational risk management system of Groupama is based on:

- the definition of internal management rules and operational procedures defining the manner in which the activities of Groupama SA must be conducted. They are appropriate to each business line and each key process. On the basis of Group reference source of processes and Group classification of operational risks at every stage of the business line and functional processes, operational risks are identified, and associated permanent controls are formalised across the Group. The system is based on three levels of control with responsibility and control plans appropriate for each level:
  - internal-check type permanent monitoring of the operational level and permanent management control,
  - permanent controls operated by the Permanent Control/Compliance Function of each entity,
  - periodic controls undertaken by the internal audit team of each entity;
- on the definition and assessment of Group major operational risks and adaptation as entity major risks, which function on the basis of a network of risk owners with management and coordination of the entire system by the Group Operational Risk Management and Permanent Control Department and the Group Compliance Department;
- on securing information systems in the face of the major risks of "information system failures" and "cyber risks";
- on the Group business continuity policy; this policy serves as a reference for crisis management systems and Business Continuity Plans (BCP) being documented within the entities. The process is based on the BIA approach (Business Impact Analysis), which makes it possible to best calibrate the means necessary for the resumption of activity by identifying the critical business activities. Three BCPs have been identified:
  - a human resources BCP,
  - a property BCP,
  - an information systems BCP;
- on the information system security policy and the associated sub-policies;
- on the system for securing goods and individuals.

Moreover, an insurance programme is in place, designed to provide liability protection and the protection of the assets of the regional mutuals, Groupama Assurances Mutuelles and its subsidiaries. The policies are distributed among internal insurers and external insurers for the most significant risks. The principal coverage is the following:

- employee insurance;
- third-party liability of corporate officers;
- professional third-party liability;
- operating third-party liability;
- property damage insurance (property, offices, equipment, motor fleets, etc.);
- cyber risks.

5.2.6.2 Legal and regulatory risks

The legal and regulatory risks are managed as part of the Group system compliance, which is defined in the Group compliance policy validated by the governing bodies of the Group. The system in place, directed by the key function of Compliance Verification of Groupama Assurances Mutuelles, the Group Compliance Officer, aims to ensure that all Group practices comply with legal provisions, administrative regulations and requirements and professional standards, as well as the Group's internal rules, charters and procedures.

The internal control procedures designed to ensure the conformity of all Groupama Assurances Mutuelles operations are based on the main mechanisms described below.

(a) Application of corporate law and the commercial code

The Group Legal Department, under the supervision of the Corporate Secretary, manages the Groupama Assurances Mutuelles legal affairs and those of its subsidiaries and provides legal advice as needed to all the French legal entities of Groupama Assurances Mutuelles. Within this framework, it ensures the legal safety of its operations and its Directors and executives. Internal checks on the effective implementation of administrative legal procedures are based on ongoing monitoring systems on an individual entity basis.

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

The Group Legal Department within the Corporate Secretary of Groupama Assurances Mutuelles ensures, particularly on behalf of the Business Divisions of Groupama Assurances Mutuelles, the French insurance subsidiaries, as well as the regional mutuals:

- a function of monitoring and analysing legislation and case law and other standards (FFA professional standards, ACPR recommendations, opinion of the Rights Defender and the CCLRF, etc.) having an impact on the insurance business; (marketing, consumer protection, communication, advertising, development, subscription, execution, and termination of insurance products, etc.);
- the necessary anticipation and support to implement new regulations for this activity;
- information (notes, circulars, working groups, dissemination of a quarterly bulletin of legal information in connection with customer protection);

- validation of new insurance policies developed by the Business Departments and other insurance subsidiaries of the Group as well as the modifications made to existing policies;
- development and validation of distribution and partnership agreements in connection with insurance and other services;
- legal and tax advice (taxation applicable to products and advice in the area of wealth management solutions);
- relations with the administrative authorities for control and support as part of these controls and any resulting consequences on the insurance business;
- the development and coordination of training and awareness-raising activities relating to the regulations applicable to the insurance activity for various audiences (distribution networks, Managers, etc.).

(c) Other areas

Specific procedures have been put in place to meet special requirements:

- to prevent insider trading, the internal bylaws of the Groupama Assurances Mutuelles Board of Directors contain a detailed reminder of the legal and regulatory provisions relating to restrictions on persons holding insider information about listed companies and financial instruments admitted for trading on a regulated market. The Groupama Assurances Mutuelles employees in charge of investments in financial instruments admitted for trading on a regulated market and those in charge of mergers and acquisitions sign a confidentiality commitment reminding them of these legal and regulatory provisions. The Groupama Assurances Mutuelles employees called on to work on a strategic transaction involving a listed company sign such a commitment for each transaction;
- in the fight against money laundering and terrorist financing (AML/CFT), regulatory compliance and Group coordination are managed by the Legal Department. As part of this, regulated entities must implement in their procedures the applicable regulatory and professional provisions in this field. The key points of the framework include a classification of money laundering and terrorist financing risks, the collection of information on customers and the origin of funds according to the significance of the risks, an automated tool for detecting persons on asset freeze lists as well as politically exposed persons, a customer relationship profiling tool for life/savings activities, and a system for permanent and periodic monitoring of the proper application of procedures. An AML/FT organisational chart defines the roles and responsibilities of the various participants and stakeholders at Group level and at the level of each operational entity concerned, describes the mechanism in place with respect to informing and training employees, determines the methods and conditions for exchanges of information required for the exercise of vigilance, and specifies the system to be applied for control and risk monitoring. The Legal Department, in contact with a network of AML/CFT Managers in insurance subsidiaries both in France and internationally, asset management subsidiaries, and regional mutuals, ensures the Group's compliance with its obligations in this area (monitoring of regulatory developments – including those resulting from the transposition of the "4th Anti-Money Laundering Directive", ACPR guidelines and case law, harmonisation and consistency of procedures, dashboards, supervision of IT projects, and training kits);
- in application of the provisions of the French data protection and the General Data Protection Regulation (GDPR), the compliance system relies on the Data Protection Officer (DPO) of the Group's French entities declared to the French national data protection commission ("CNIL") and on the network of internal data relay protection officers (DRPO): one officer per entity and nine for Groupama Assurances Mutuelles in areas implementing processes. This network changes based on the Group's organisational modifications;
- with regard to the protection of medical data, Group recommendations are disseminated by the Groupama Assurances Mutuelles business division concerned or entity concerned. It is the responsibility of the various Group entities (regional mutuals and subsidiaries) to implement these recommendations, in partnership with the medical advisers, the Group Data Protection Correspondent ("CIL"), and the Claims Division of the Insurance, Banking, and Services Department;
- regarding the protection of customers, the key function of the Groupama Assurances Mutuelles Compliance Verification manages or contributes to the operational implementation of several themes, including:
  - ACPR instruction 2015-I-22 of 2 October 2015 on the questionnaire on commercial practices and protection of customers,
  - the ACPR's various recommendations particularly on handling complaints and knowledge of customers with respect to the duty to advise in life insurance, including for remote selling,
  - monitoring of the major risk for the Group of "failure to advise",
  - the deployment of the Insurance Distribution Directive, which also includes the prevention and management of conflicts of interest, the compensation of the distribution networks, as well as their professional capability and continued training,
  - the recurring enrichment of the permanent control system,
  - monitoring and implementation of action plans to improve marketing measures (OAV);
- in the fight against corruption and influence peddling (Sapin law 2) and the duty of care of parent companies and ordering companies (law 2017-399 of 27 March 2017), the key function of Compliance Verification of Groupama Assurances Mutuelles leads the various operational implementation projects deployed in the entities in 2018. The compliance work continues in 2019.

5.2.6.3 Tax risks

The role of the Group's Tax Department is to provide information and monitor regulations for all the entities of the Group. It is also regularly questioned about specific technical points and is involved in preparing the end-of-year financial statements. In this capacity, it ensures that the tax consolidation rules are applied (Article 223 A *et seq.* of the General Tax Code) for the Group and, working with the Group Accounting Department, prepares the report on the tax position of the consolidated companies. It also helps to implement documentation and archiving procedures in terms of computerised accounting records, as required under tax law, particularly as part of dedicated "CFCI" (Computerised Accounting Tax Audit) committees for each French entity. Lastly, within a Steering Committee, it coordinates the establishment and the monitoring of regulations on automatic exchanges of tax information, resulting in particular from the US Foreign Account Tax Compliance Act ("FATCA") or the transposition of the European DAC (Directive for Administrative Cooperation).

6

EARNINGS AND FINANCIAL POSITION

6.1 MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

6.1.1 ENVIRONMENT

6.1.1.1 Macroeconomic environment

Over 2018, global growth remained steady overall while showing initial signs of slowing down towards the end of the year, particularly through business confidence surveys. In addition, certain political risks in Europe and the United States materialised, and free trade was called into question. Both factors affected the business climate.

In the eurozone, gross domestic product (GDP) growth was solid at +1.9% on an annual basis. The labour market remained good, with the unemployment rate falling by almost 1 point over the year to 8%. Underlying inflation (excluding volatile components of food and energy) stagnated at around 1%. Similarly, growth slowed gradually with a growth outlook for 2019 of +1.6%. Added to this was a tense political climate with, particularly with significant uncertainties about the outcome of the negotiations for the UK's exit from the European Union (EU).

As anticipated in 2017, the European Central Bank (ECB) terminated its asset buyback programme in December and will subsequently limit itself to reinvesting bond maturities for an indefinite period. Given the fragile growth environment, the ECB nevertheless communicated about a very slow normalisation of its monetary policy with a central scenario of a first policy rate hike in the second half of 2019.

Emerging economies remain the primary engine of global growth but are vulnerable to increased volatility in financial markets and rising protectionism. China succeeded in managing the gradual slowdown in its growth around +6.5% through monetary and fiscal stimulus measures. The impact of the trade war with the United States has not yet been clearly reflected in export figures. On the other hand, there was a deterioration in activity prospects through manufacturing industry business confidence surveys.

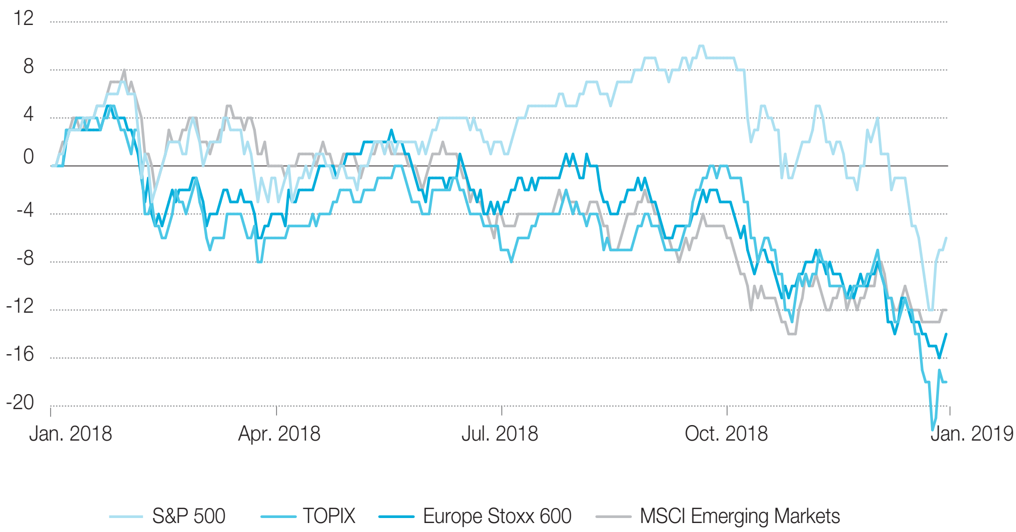
During the year, emerging countries with the weakest fundamentals suffered from rising risk aversion. For example, Turkey saw a sharp tightening of its monetary conditions through the depreciation of its currency and the rise in its interest rates. However, Eastern European countries with healthier fundamentals ultimately suffered little from the renewed volatility and showed robust GDP growth rates this year.

6.1.1.2 Financial markets in 2018

Risky assets were heavily affected by fears of a trade war, increased uncertainties about global growth, and lower liquidity in financial markets, which led to a significant increase in volatility.

(a) Changes in equity markets

Until September, equity markets were supported by favourable economic conditions, strong growth in corporate profits, particularly in the United States, and rising oil prices. In this high valuation environment, corporate communications during the 3rd quarter publications led to a normalisation of medium-term earnings growth prospects, particularly in sectors at the heart of international value chains, such as automotive, which are affected by the rise in protectionism.



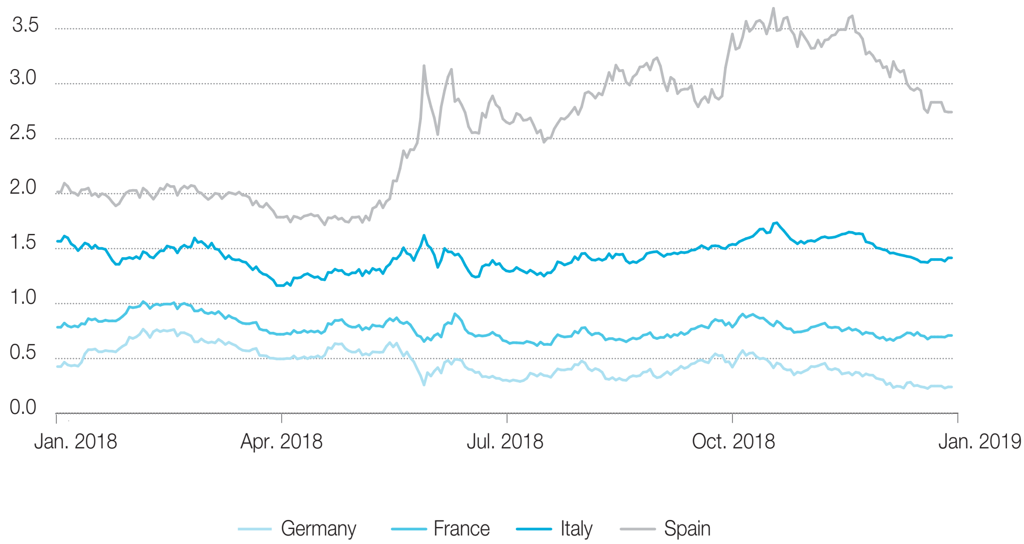
Performances excluding dividends in local currencies

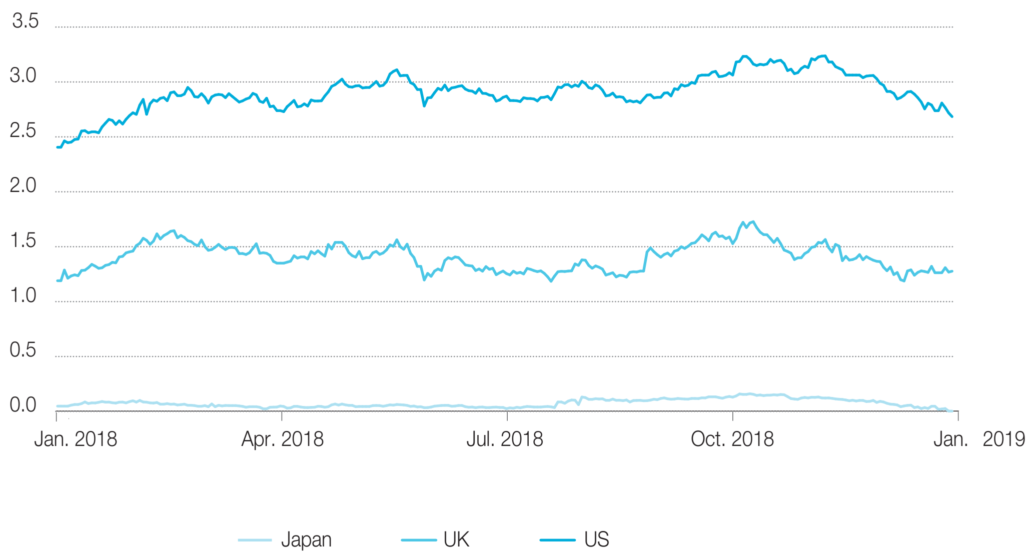
In the 4th quarter, earnings per share expectations for 2019 and the emergence of fears of a reversal of the growth cycle forced performance down into negative territory in a context of very high volatility associated with US monetary tightening.

(b) Changes on interest rate markets

Over the year, with the exception of Italy, European yields experienced slight contractions with low volatility. The 10-year OAT yield ended the year at 0.71%, down 7 basis points compared with the end of 2017.

Italian yields, on the other hand, diverged sharply when the coalition government between the Five Star Movement and the Northern League was formed at the end of May, followed by budget announcements. The yields retraced part of this gap at the end of the year in response to the agreement between the Italian government and the European Commission, and the 10-year yield ended at 2.74%.

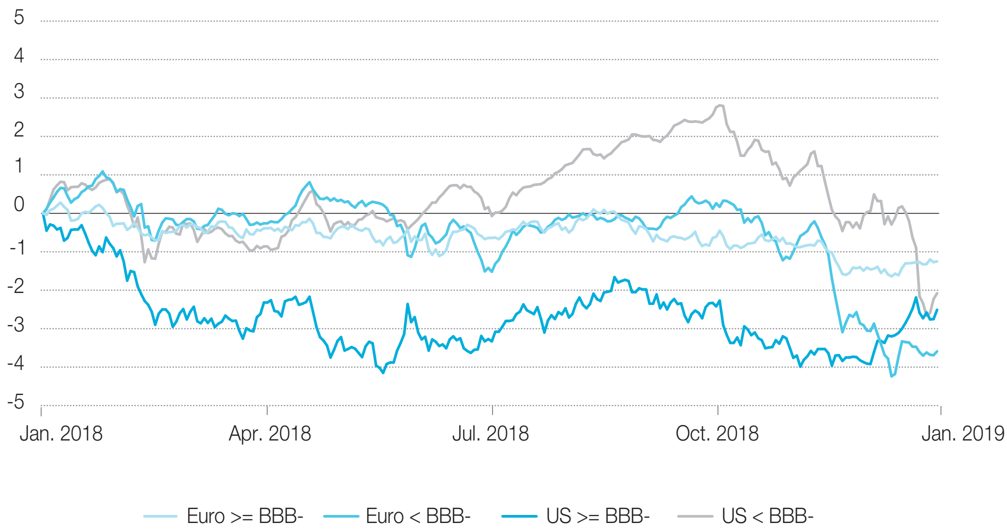




Outside the eurozone, the US 10-year yield reached a high of 3.2% before falling significantly at the end of the year due to rising risk aversion and expectations of slower-than-expected monetary tightening by the Fed. UK yields were influenced by the uncertainty about conditions for the UK's exit from the US, while the Bank of England began very gradual monetary tightening.

In Japan, the pursuit of unconventional monetary policies kept long-term yields at 0%.

(c) Changes on the credit market



Bloomberg Barclays coupons reinvested indices.

In the eurozone, credit spreads widened significantly, especially on lower-quality credit. These movements reflect a combination of three factors: the prospects of the end of corporate bond purchases by the ECB at the end of 2018, the return of risk aversion to the Italian environment, as well as concerns about global growth and deteriorating liquidity conditions.

6.1.2 SIGNIFICANT EVENTS OF FISCAL YEAR 2018

6.1.2.1 Financial Strength

(a) Financial rating

On 29 October 2018, Fitch Ratings confirmed the “A-” Insurer Financial Strength (IFS) ratings of Groupama Assurances Mutuelles and its subsidiaries and confirmed the outlook associated with these ratings to “Positive”. The agency had upgraded the outlook from “Stable” to “Positive” on 19 April 2018.

(b) Issue of subordinated instruments

On 17 September 2018, Groupama placed subordinated instruments with a maturity of 10 years with institutional investors for a total of €500 million with an annual coupon of 3.375%. The new instrument was a big success among institutional investors with an order book oversubscribed nearly three times. This operation contributes to the active management of Groupama’s capital by taking advantage of market opportunities.

6.1.2.2 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 of 9 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, commonly known as 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 nationwide 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.

6.1.2.3 Business activities

(a) 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.

(b) Partnerships

On 9 February 2018, Groupama, the leading insurer of farmers, became one of the main partners of La Ferme Digitale, an association of start-ups aiming to promote innovation and digital to serve agriculture. With this partnership, Groupama continues to support the agriculture of today and tomorrow and takes a new step in its support for the thriving market of new technologies serving agriculture.

In March 2018, the Groupama group partnered with the fintech Sapiendo-Retraite, a recognised retirement expert in France, to enrich its digital retirement services offering.

In November 2018, Groupama and the Association des Petites Villes de France (APVF) formalised their partnership. Groupama's ambition is to supporting mayors and their municipalities as closely as possible for everyday management but also during times of crisis. In particular, Groupama has developed a website "Territoires-Groupama.fr" to put information and advice online, including on prevention.

At the end of December 2018, Orange and Groupama signed an agreement to create a joint venture called Protectline operating in the remote property monitoring sector. This company is 51% owned by Orange and 49% by Groupama. This partnership will enable Groupama to strengthen its existing activity in this sector and Orange to become a full player in this market, taking a new step in its multi-service operator strategy.

(c) Property

In October 2018, Groupama sold Window, the iconic La Défense building, to Oxford Properties group for €477 million. This sale is a very strong signal of La Défense's attractiveness and allows Groupama to remain a major player and committed to the transformation of Europe's number 1 business district.

On 13 December 2018, a memorandum of understanding for the sale of the 79 avenue des Champs Elysées building was signed between Groupama and the Norwegian sovereign wealth fund Norges Bank. The closing should take place by the end of 2019. The property is presented as an available-for-sale asset in the Group's accounts.

(d) Socially responsible investment strategy

At the beginning of December 2018, the Groupama group reaffirmed its desire to support the ecological and energy transition to a less carbon-based economy. The Group no longer invests in and is gradually withdrawing from any company whose turnover or energy production mix is more than 30% based on coal. With regard to fossil fuels, the Group is committed to not investing in any company whose oil sands account for more than 15% of total reserves. In addition, the Group intends to invest €1 billion over three years in financing the energy transition. Through these strong commitments, which go beyond the regulatory obligations, Groupama reaffirms the timeless values that have defined its identity for more than 100 years – responsibility, solidarity, and engagement – and is part of the approach to allow as many people as possible to build their lives confidently.

6.1.3 POST-BALANCE SHEET EVENTS

None.

6.1.4 ANALYSIS OF FINANCIAL STATEMENTS

6.1.4.1 Introductory summary: reminder of the combined Group's business data

Premium income *(in millions of euros)*	**31.12.2017**	**31.12.2017 *pro forma***	**31.12.2018**	**Actual change**	**Like-for-like change**
Property and casualty insurance – France	5,523	5,511	5,621	1.8%	2.0%
Groupama Gan Vie	3,595	3,595	3,919	9.0%	9.0%
Life and health insurance in France – excluding Groupama Gan Vie	1,949	1,960	2,016	3.5%	2.9%
Total Insurance – France	**11,066**	**11,066**	**11,556**	**4.4%**	**4.4%**
Property and casualty insurance – International	1,765	1,685	1,768	0.1%	4.9%
Life and health insurance – International	840	813	770	-8.4%	-5.3%
Total Insurance – International	**2,605**	**2,498**	**2,537**	**-2.6%**	**1.6%**
Banking and financial businesses	147	147	169	15.1%	15.1%
Total – Groupama	**13,819**	**13,711**	**14,263**	**3.2%**	**4.0%**
Total Insurance	**13,672**	**13,564**	**14,094**	**3.1%**	**3.9%**
Property and casualty insurance	7,288	7,196	7,388	1.4%	2.7%
Life and health insurance	6,384	6,368	6,705	5.0%	5.3%

2017 pro forma data:
The restatement of certain data from 31 December 2017 was necessary in order to permit the comparison and analysis of changes between the two periods.
For those entities that do not use the euro as their functional currency (Turkey, Romania and Hungary), the exchange rate effects are neutralised in the pro forma data; the actual data at 31 December 2017 were converted based on the exchange rate at 31 December 2018.
In the rest of the document, figures are expressed on a like-for-like basis and with constant exchange rates. The data with constant exchange rates correspond to the comparison between the actual data at 31 December 2018 and the actual data at 31 December 2017, converted at the average exchange rates at 31 December 2018.

At 31 December 2018, Groupama's combined premium income from Insurance increased +3.9% to €14.1 billion on a like-for-like basis (+3.1% in actual data) compared with 31 December 2017. Including financial businesses, the Group's combined premium income was up +4.0% on a like-for-like basis (+3.2% in actual change) at €14.3 billion.

The Group's property and casualty insurance premium income increased +2.7%, including +2.0% in France and +4.9% for International. Activity was supported by personal and professional insurance (+3.2%, or more than 60% of property and casualty insurance premiums), which benefited from the good performance of the passenger vehicle (+3.7%) and home (+3.4%) insurance segments, both in France and internationally. Growth in the assistance business (+19.1%) in France reinforced this trend.

Life and health insurance premium income grew by +5.3% at 31 December 2018. Groupama Gan Vie, which handles the savings/pensions business in France, saw its premium income increase by +9.0% over the period, particularly with a rise of +11.3% in individual UL savings/pensions. Other life and health insurance businesses in France also increased +2.9%. This is explained mainly by the growth of the health insurance (individual and collective: +2.3%) and municipal staff insurance (+13.5%). International life and health insurance premium income was down -5.3% due to the decline in individual savings/pensions (-12.6%), although the good performance of the group retirement (+30.7%) and group health (+24.6%) segmented dampened this trend.

Insurance premium income in France represented 81.0% of the Group's overall business over the period, whereas international insurance premium income amounted to 17.8% of total premium income. The Group's other businesses (financial and banking businesses) represented 1.2% of total premium income. Net banking income from these businesses amounted to €153 million at 31 December 2018.

Economic operating income *(in millions of euros)*	**31.12.2017**	**31.12.2018**	**Change in value**	**Change %**
Property and casualty insurance – France	59	59	0	NA
Life and health insurance – France	221	252	31	13.8%
Total Insurance – France	**280**	**310**	**30**	**>100%**
Property and casualty insurance – International	43	13	(30)	-69.5%
Life and health insurance – International	41	30	(11)	-26.7%
Total Insurance – International	**84**	**43**	**(41)**	**-48.5%**
Banking and financial businesses	32	34	3	9.2%
Holding activities	(46)	(89)	(43)	93.6%
Total – Groupama	**349**	**298**	**(51)**	**-14.5%**
Property and casualty insurance	102	72	(30)	NA
Life and health insurance	262	282	20	7.5%

The Group's economic operating income totalled +€298 million at 31 December 2018 compared with €349 million at 31 December 2017.

Economic operating income from insurance was +€354 million in 2018, down -€10 million compared with 2017.

Economic operating income from life and health insurance totalled +€282 million in 2018 versus +€262 million in 2017 (+€31 million in France and -€11 million internationally). In France, this increase was mainly due to the improved technical margin with a net combined ratio of the health and personal injury activities improving by -0.8 points to 96.2%.

In property and casualty insurance, economic operating income amounted to +€72 million compared with +€102 million at 31 December 2017 (stable in France and down -€30 million internationally). The net non-life combined ratio was thus 99.3% in 2018 versus 98.9% in 2017 (+0.4 points). This change is due to the following:

- attritional loss experience of 59.9% (+1.3 points);
- an increase in the cost of serious claims (+0.8 points): +1.2 points in France and -1.4 points internationally;
- a decrease in the cost of weather claims (-2.3 points) after a 2017 affected by Hurricanes Irma and Maria in the Caribbean. Due to the nature of the claims (few very major weather claims), reinsurance protection was lower in 2018 than in 2017, resulting in a worsening net reinsurance cost;
- the favourable effect on other technical reserves and changes on prior affairs, partly tied to a natural change in cases and partly to regulatory developments (ANC, Gazette du Palais), the effect of which was contrary and slightly favourable;
- the favourable impact in the other technical reserves, in particular the ANC reform on the actuarial reserves for annuities.

Banking and financial businesses contributed +€34 million to the Group's economic income in 2018. The Group's holding activity posted economic operating income of -€89 million in 2018, compared with a loss of -€46 million in 2017.

The Group's net income totalled +€450 million at 31 December 2018 compared with +€292 million at 31 December 2017. The 2018 result includes notably an increase in the non-recurring financial margin (+€78 million), benefiting mainly from the increase in capital gains realised due in particular to the sale of a property in La Défense.

The 2018 income also includes:

- the result from divested activities of -€2 million following the sale of Portuguese subsidiaries;
- tax expenses mainly related to the gradual reduction of the tax rate in France amounting to -€21 million;
- other non-recurring expenses related to various projects amounting to -€10 million as well as the equity-method result of Orange Bank for -€59 million (versus -€35 million in 2017).

(in millions of euros)	31.12.2017	31.12.2018
Economic operating income	**349**	**298**
Net capital gains realised (1)	208	351
Allocation to reserves for long-term impairment (1)	(7)	(7)
Gains or losses on financial assets recognised at fair value (1)	40	(25)
Other expenses and income	(318)	(109)
Financing expenses	(57)	(57)
Net income from discontinued business activities	136	(2)
Goodwill impairment	(58)	0
NET INCOME	**292**	**450**

(1) Amounts net of profit sharing and corporate tax.

6.1.4.2 Summary of activity and income

Premium income *(in millions of euros)*	31.12.2017	31.12.2017 *pro forma*	31.12.2018	Actual change	Like-for-like change
Property and casualty insurance – France	3,349	3,337	3,391	1.3%	1.6%
Groupama Gan Vie	3,595	3,595	3,919	9.0%	9.0%
Life and health insurance in France – excluding Groupama Gan Vie	604	616	629	4.0%	2.0%
Total Insurance – France	**7,548**	**7,548**	**7,939**	**5.2%**	**5.2%**
Property and casualty insurance – International	1,765	1,685	1,768	0.1%	4.9%
Life and health insurance – International	840	813	770	-8.4%	-5.3%
Total Insurance – International	**2,605**	**2,498**	**2,537**	**-2.6%**	**1.6%**
Banking and financial businesses	150	150	173	15.2%	15.2%
Total Groupama SA	**10,304**	**10,196**	**10,650**	**3.4%**	**4.4%**
Total Insurance	**10,154**	**10,046**	**10,477**	**3.2%**	**4.3%**
Property and casualty insurance	5,114	5,022	5,159	0.9%	2.7%
Life and health insurance	5,040	5,024	5,318	5.5%	5.8%

2017 pro forma data:
The restatement of certain data from 31 December 2017 was necessary in order to permit the comparison and analysis of changes between the two periods.
For those entities that do not use the euro as their functional currency (Turkey, Romania and Hungary), the exchange rate effects are neutralised in the pro forma data; the actual data at 31 December 2017 were converted based on the exchange rate at 31 December 2018.
In the rest of the document, figures are expressed on a like-for-like basis and with constant exchange rates. The data with constant exchange rates correspond to the comparison between the actual data at 31 December 2018 and the actual data at 31 December 2017, converted at the average exchange rates at 31 December 2018.

At 31 December 2018, Groupama's consolidated premium income from Insurance increased +4.3% to €10.5 billion on a like-for-like basis (+3.2% in actual data) compared with 31 December 2017. Including financial businesses, the Group's consolidated premium income was up +4.4% on a like-for-like basis (+3.4% in actual change) at €10.7 billion.

The Group's property and casualty insurance premium income increased +2.7%, including +1.6% in France and +4.9% for International. Activity was supported by personal and professional insurance (+3.2%, or nearly 65% of property and casualty insurance premiums), which benefited from the good performance of the passenger vehicle (+3.7%) and home (+4.0%) insurance segments, both in France and internationally. Growth in the assistance business (+19.1%) in France reinforced this trend.

Life and health insurance premium income grew by +5.8% at 31 December 2018. Groupama Gan Vie, which handles the savings/pensions business in France, saw its premium income increase by +9.0% over the period, particularly with a rise of +11.3% in individual UL savings/pensions. Other life and health insurance businesses in France also increased +2.0%. This is explained mainly by the growth of the health insurance (individual and collective: +9.0%) and municipal staff insurance (+13.9%). International life and health insurance premium income was down -5.3% due to the decline in individual savings/pensions (-12.6%), although the good performance of the group retirement (+30.7%) and group health (+24.6%) segmented dampened this trend.

Insurance premium income in France represented 74.6% of the Group's overall business over the period, whereas international insurance premium income amounted to 23.8% of total premium income. The Group's other businesses (financial and banking businesses) represented 1.6% of total premium income. Net banking income from these businesses amounted to €153 million at 31 December 2018.

Economic operating income *(in millions of euros)*	**31.12.2017**	**31.12.2018**	**Change in value**	**Change %**
Property and casualty insurance – France	8	66	58	NA
Life and health insurance – France	118	128	10	8.9%
Total Insurance – France	**126**	**194**	**68**	**>100%**
Property and casualty insurance – International	43	13	(30)	-69.5%
Life and health insurance – International	41	30	(11)	-26.7%
Total Insurance – International	**84**	**43**	**(41)**	**-48.5%**
Banking and financial businesses	32	34	3	9.2%
Holding activities	(45)	(89)	(44)	96.9%
Total – Groupama	**196**	**182**	**(14)**	**-7.3%**
Property and casualty insurance	51	79	28	NA
Life and health insurance	159	158	(1)	-0.9%

The Group's economic operating income totalled €182 million at 31 December 2018 compared with €196 million at 31 December 2017.

Insurance economic operating income amounted to +€237 million in 2018, up €28 million compared with 2017.

Economic operating income from life and health insurance totalled +€158 million in 2018, stable over the period (+€10 million in France and -€11 million internationally). In France, this increase was mainly due to the improved technical margin with a net combined ratio of the health and personal injury activities improving by -0.6 points to 100.7%.

In property and casualty insurance, economic operating income amounted to +€79 million compared with +€51 million at 31 December 2017 (+€58 million in France and -€30 million internationally). The net non-life combined ratio was thus 100.1% in 2018 versus 100.3% in 2017 (-0.2 points). In France, 2018 was marked by a significant increase in serious claims, while, conversely, the cost of weather claims decreased after a 2017 affected by Hurricanes Irma and Maria in the Caribbean. Due to the nature of the claims (few very major weather claims), reinsurance protection was lower in 2018 than in 2017, resulting in a stable net reinsurance cost. Also noteworthy is the favourable effect on other technical reserves and changes on prior affairs, partly tied to a natural change in cases and partly to regulatory developments (ANC, Gazette du Palais), the effect of which was contrary and slightly favourable. In the International market, the non-life net loss experience increased by +2.4 points to 69.9% in 2018.

Banking and financial businesses contributed +€34 million to the Group's economic income in 2018. The Group's holding activity posted an economic operating loss of -€89 million in 2018, compared with a loss of -€45 million in 2017.

The Group's net income totalled +€319 million at 31 December 2018 compared with +€87 million at 31 December 2017. The 2018 result includes notably an increase in the non-recurring financial margin (+€123 million), benefiting mainly from the increase in capital gains realised due in particular to the sale of a property in La Défense.

The 2018 income also includes:

- the result from divested activities of -€2 million following the sale of Portuguese subsidiaries;
- tax expenses mainly related to the gradual reduction of the tax rate in France amounting to -€6 million;
- other non-recurring expenses related to various projects amounting to -€10 million as well as the equity-method result of Orange Bank for -€59 million (versus -€35 million in 2017).

(in millions of euros)	31.12.2017	31.12.2018
Economic operating income	196	182
Net capital gains realised [(1)]	135	287
Allocation to reserves for long-term impairment [(1)]	(8)	(3)
Gains or losses on financial assets recognised at fair value [(1)]	29	(2)
Other expenses and income	(286)	(86)
Financing expenses	(57)	(57)
Net income from discontinued business activities	136	(2)
Goodwill impairment	(58)	
NET INCOME	**87**	**319**

(1) Amounts net of profit sharing and corporate tax.

6.1.4.3 Business and results in France

Premium income – France *(in millions of euros)*	31.12.2017 *pro forma*			31.12.2018		
	L&H	P&C	Total	L&H	P&C	Total
Groupama Assurances Mutuelles	462	1,692	2,154	478	1,712	2,190
Groupama Gan Vie	3,595		3,595	3,919		3,919
Gan Assurances	142	1,280	1,422	142	1,280	1,421
Amaline Assurances	3	66	69	3	71	74
Other entities [(1)]	8	300	308	5	329	335
TOTAL	**4,211**	**3,337**	**7,548**	**4,548**	**3,391**	**7,939**

(1) Including Assuvie.

Insurance premium income for France at 31 December 2018 increased by +5.2% compared with 31 December 2017 and totalled €7.939 billion.

(a) Property and casualty insurance

Insurance premium income *(in millions of euros)*	P&C – France 31.12.2017 *pro forma*	31.12.2018	Change %
Groupama Assurances Mutuelles	1,692	1,712	1.2%
Gan Assurances	1,280	1,280	0.0%
Amaline Assurances	66	71	7.3%
Other entities	300	329	9.9%
TOTAL	**3,337**	**3,391**	**1.6%**

Property and casualty insurance premium income (42.7% of premium income in France) increased +1.6% to €3.391 billion at 31 December 2018. Insurance for individuals and professionals increased +1.5% over the period to €2.002 billion (nearly 60% of written premiums in property and casualty insurance). The growth in the home insurance (+3.9% to €626 million) and passenger vehicle insurance (+0.7% to €910 million) segments explains this change. Corporate and local authority insurance (€494 million and 15% of the portfolio) fell -1.7%. The development of the assistance business (+27 million) also contributed to the increase in premium income from property and casualty insurance.

The Groupama Assurances Mutuelles premium income from property and casualty insurance totalled €1.712 billion at 31 December 2018, an increase of +1.2%, driven mainly by insurance for individuals and professionals (+2.6%), which particularly benefited from the growth of home insurance (+4.8%). The passenger vehicle segment was up +0.8%.

Premium income for Gan Assurances remained stable at €1.280 billion at 31 December 2018, the price increases offsetting the decrease in the number of policies in the portfolio. The good performance of the home insurance (+1.1%) and agricultural insurance (+2.3%) segments compensated for the decline in the fleet insurance segment (-4.1%).

At 31 December 2018, Amaline's property and casualty insurance premium income grew +7.3% to €71 million under the effect of the portfolio's growth in number (+13,700 policies). The passenger vehicle segment benefited from the development of the partnership with Renault and posted an increase of +4.1%. The home insurance segment was up +14.6%.

Groupama Assurance-Crédit et Caution posted premium income of €41 million at 31 December 2018, up +3.0% from the previous period.

Mutuaide Assistance's premium income at 31 December 2018 was up +19.1% at €171 million. This change was notably related to the development of new business (including the contribution of new policies by brokers in travel insurance), the increase in activity with a major partner, and the growth on assistance policies tied to bank cards.

Société Française de Protection Juridique premium income grew by +0.9% to €117 million as of 31 December 2018 due to the development of partnerships (particularly La Banque Postale).

Economic operating income in property and casualty insurance in France remained stable at €66 million in 2018. It is presented as follows:

Property and casualty insurance in France *(in millions of euros)*	**31.12.2017**		**31.12.2018**		**2018-2017 change**	
Gross earned premiums	3,334	100.0%	3,377	100.0%	44	1.3%
Underwriting expenses (policy servicing) – excluding claims management costs	(2,404)	-72.1%	(2,072)	-61.4%	332	13.8%
Reinsurance balance	31	0.9%	(278)	-8.2%	(309)	<-100%
Technical margin net of reinsurance	**961**	**28.8%**	**1,027**	**30.4%**	**66**	**6.9%**
Net expenses from current underwriting operations	(967)	-29.0%	(975)	-28.9%	(8)	-0.8%
Underwriting income net of reinsurance	**(6)**	**-0.2%**	**52**	**1.6%**	**59**	**>100%**
Recurring financial margin net of tax	56	1.7%	68	2.0%	12	20.5%
Other items	(42)	-1.3%	(54)	-1.6%	(12)	-29.6%
Economic operating income	**8**	**0.3%**	**66**	**2.0%**	**58**	**>100%**
Capital gains realised net of corporate income tax	23	0.7%	39	1.1%	15	65.5%
Allocations to reserves for long-term impairment net of corporate income tax						
Gains or losses on financial assets recognised at fair value net of corporate income tax	2	0.1%	(4)	-0.1%	(6)	<-100%
Other operations net of corporate income tax	(23)	-0.7%	(17)	-0.5%	6	24.6%
GROUP NET INCOME	**11**	**0.3%**	**84**	**2.5%**	**73**	**>100%**

In France, net underwriting income (gross premiums earned – gross underwriting expenses – net expenses from current underwriting operations and reinsurance balance) was up +€59 million over the period. This stemmed from the improvement of -1.7 points in the net combined ratio to 98.5% in 2018. Fiscal year 2018 was marked by numerous serious claims, while, conversely, the cost of weather events was lower than in 2017 (affected by Hurricanes Irma and Maria in the Caribbean) but not covered as well by reinsurance. The favourable change in reserves releases on previous years partially compensated for these adverse trends. The net loss ratio in property and casualty insurance (69.6% in 2018) thus improved by -1.6 points. The operating cost ratio improved by -0.1 points to 28.9% in 2018.

The following key items should be noted at 31 December 2018:

- the combined ratio of Groupama Assurances Mutuelles, the Group's internal reinsurer, worsened (+1.2 points to 97.9%). This was caused by the increase in the net loss experience (+0.3 points to 75.7%) and operating expenses (+0.9 to 22.2%);
- underwriting income for Gan Assurances in property and casualty insurance was up €87 million compared with 2017. The improvement of the net loss experience (-7.1 points to 72.6%) conceals a deterioration of the current loss experience due to the significant of the serious and weather claims (+3.3 points and +3.7 points respectively). Conversely, reserves releases on prior years made good progress, notably with surpluses in construction and motor liability insurance. The operating cost ratio was up +0.4 points at 30% in 2018, particularly due to the increase in commissions;

- Amaline's net combined ratio stood at 102.3% in 2018, compared with 101.4% in 2017 (+0.9 points), in connection with the worsening of the net loss experience (+5.6 points to 70.7% in 2018). The occurrence of a serious claim and lower amounts of reserves releases on prior years explain this change. The operating cost ratio decreased by -4.7 points to 31.6% in 2018, reflecting the efforts to control general expenses.

In France, the recurring financial margin (after tax) of the property and casualty insurance business amounted to €68 million in 2018, up +20.5% over the period.

In France, net income amounted to €84 million in 2018 versus €11 million in 2017. The non-recurring financial margin increased by €9 million over the period.

(b) Life and health insurance

	L&H France		
Insurance premium income *(in millions of euros)*	**31.12.2017 *pro forma***	**31.12.2018**	**Change %**
Groupama Gan Vie	3,595	3,919	9.0%
Groupama Assurances Mutuelles	462	478	3.6%
Gan Assurances	142	142	-0.5%
Amaline Assurances	3	3	-1.1%
Other entities (1)	8	5	-36.3%
TOTAL	**4,211**	**4,548**	**8.0%**

(1) Including Assuvie.

Life and health insurance premium income (57.3% of premium income in France) increased +8.0% to €4.548 billion. Group premium income for life and capitalisation in France rose +7.9% in a market up +4% at the end of December 2018 (source: FFA). This change is mainly attributable to the increase in individual UL savings/pensions (+11.3%), with premium income of the segment in euros increasing by +1.0%. After taking into account arbitrage operations (euros for unit-linked for -€237 million) on Fourgous transfers (€269 million) and unit-linked net inflows (€502 million), the rate of actuarial reserves in individual UL savings is now 25.3% (compared with 25.8% at 31 December 2017). The good performance posted by the group retirement segment (+64.3%) should also be noted.

Premium income in health and bodily injury at 31 December 2018 was up +8.1% compared with the previous period. This change is due in particular to the increase in health insurance (+9.0%), which breaks down into an increase of +0.5% in individual health and an increase of +14.2% in group health. The municipal staff insurance segment grew +13.9%.

The Group's net inflows were negative at -€891 million at 31 December 2018 compared with -€1,200 million over the previous period.

The networks comprising Groupama Gan Vie posted +9.0% growth in premium income to €3.919 billion at 31 December 2018. By business line, Groupama Gan Vie's premium income was mostly generated in individual insurance (55.9%), with written premiums +3.0% higher compared with 31 December 2017 at €2.192 billion. The individual savings business rose +6.6%, including +7.5% in UL and +5.8% in euros. Unit-linked outstandings in individual savings now represent 25.3% of total outstandings compared with 25.8% at the end of December 2017. This slight decrease is related to market effects of actuarial reserves booked mark to market. Note that in addition to premium income, Groupama Gan Vie managed Fourgous transfers to multi-component funds (not recognised in premium income) for €269 million (including €115 million invested in UL). Group insurance (44.1% of business) increased by +17.7% to €1.727 billion. It was driven by the growth of the group health (+14.8%) and group retirement (+64.3%) segments, which benefited especially from the development of several single-premium policies for approximately €100 million in UL.

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

(in millions of euros)	2017 Actual	2018 Actual	2018-2017 Change
Regional mutuals	1,024	1,176	14.9%
General agents	868	808	-6.9%
Brokerage	992	1,189	19.8%
Gan Patrimoine	234	276	17.8%
Gan Prévoyance	475	469	-1.2%
Réunima	2	1	-42.4%
TOTAL	**3,595**	**3,919**	**9.0%**
Individuals	2,127	2,192	3.0%
of which unit-linked savings/pensions	*680*	*757*	*11.3%*
of which savings/pensions (in euros)	*1,050*	*1,064*	*1.3%*
Groups	1,467	1,727	17.7%
TOTAL	**3,595**	**3,919**	**9.0%**

Premium income of the network of regional mutuals amounted to €1.176 billion at 31 December 2018, up +14.9% compared with the previous period. Individual insurance business totalled €1.063 billion (+8.9%) in connection with the rise in individual savings/pensions income (+9.6%, including +8.5% in UL). Group insurance premium income totalled €113 million at 31 December 2018 compared with €47 million over the previous period, mainly due to the booking of exceptional premiums in group retirement (including €30 million in UL).

The Gan Assurances network posted premium income of €808 million at 31 December 2018, down -6.9% compared with 31 December 2017. Individual insurance written premiums decreased by -13.1% as a result of the decline in individual savings/pensions (-12.8%). Activity in group insurance declined -0.5%, mainly due to the decline in protection insurance (-2.6%) and health insurance (-1.1%). However, it was dampened by growth in group inward reinsurance (+41.3% due to the rise in new business).

The brokerage network posted premium income of €1.189 billion at 31 December 2018, up +19.8% compared with 31 December 2017, in connection with the growth of the group health (+21.9%) and group retirement (+58.9%) segments, which benefited in particular from the development of a major policy (€70 million).

Revenue for the Gan Patrimoine network increased by +17.8% to €276 million at 31 December 2018, driven by the growth of the individual savings/pensions segment (+19.8%).

The Gan Prévoyance sales network contributed €469 million to group revenue at 31 December 2018, a drop of -1.2% compared with the previous period. Activity in individual savings/pensions rose +0.7% (including -9.2% in euros and +35.7% in UL) with growth in the retirement segment (+5.4%) mitigating the decline in the savings segment (-14.2%). However, this change was offset by the decline in the protection insurance segment (-4.4%).

The premium income in life and health insurance of Gan Assurances remained stable at €142 million at 31 December 2018. The decrease in individual health (-0.8%) due to a decrease in the number of policies in the portfolio (-5,400 policies as of the end of December) was offset by the growth in the individual protection insurance segment (+3.3%).

The Caisses Fraternelles posted premium income of €2 million at 31 December 2018.

The discontinued business of the subsidiary Assuvie decreased -24.7% compared with 31 December 2017. Its premium income (consisting only of periodic premiums in run off) amounted to €3 million at 31 December 2018.

In life and health insurance, economic operating income in France was €128 million in 2018 compared with €118 million in 2017.

Life and health insurance in France *(in millions of euros)*	**31.12.2017**		**31.12.2018**		**2018-2017 change**	
Gross earned premiums	4,243	100.0%	4,588	100.0%	345	8.1%
Underwriting expenses (policy servicing) – excluding claims management costs	(3,339)	-78.7%	(3,575)	-77.9%	(236)	-7.1%
Reinsurance balance	(19)	-0.4%	(23)	-0.5%	(5)	-25.5%
Technical margin net of reinsurance	**886**	**20.9%**	**989**	**21.6%**	**104**	**11.7%**
Net expenses from current underwriting operations	(859)	-20.3%	(913)	-19.9%	(53)	-6.2%
Underwriting income net of reinsurance	**26**	**0.6%**	**77**	**1.7%**	**50**	**>100%**
Recurring financial margin net of profit sharing and tax	124	2.9%	80	1.7%	(45)	-35.9%
Other items	(33)	-0.8%	(28)	-0.6%	4	13.4%
Economic operating income	**118**	**2.8%**	**128**	**2.8%**	**10**	**8.5%**
Capital gains realised net of corporate income tax and profit sharing	31	0.7%	154	3.4%	123	>100%
Allocations to reserves for long-term impairment net of corporate income tax and profit sharing	(8)	-0.2%	(1)	0.0%	7	88.1%
Gains or losses on financial assets recognised at fair value net of corporate income tax and profit sharing	8	0.2%	(4)	-0.1%	(12)	<-100%
Other operations net of corporate income tax	(141)	-3.3%	(21)	-0.5%	120	85.0%
Income excluding restructuring	**9**	**0.2%**	**256**	**5.6%**	**247**	**>100%**
Net income from discontinued business activities	17	0.4%			(17)	NA
GROUP NET INCOME	**25**	**0.6%**	**256**	**5.6%**	**231**	**>100%**

Underwriting income net of reinsurance improved by +€50 million in 2018.

With regard to Groupama Gan Vie, recurring net underwriting income increased by €54 million over the period in connection with the increase in the net technical margin in reinsurance, mainly in group insurance.

In individual insurance, the technical margin excluding expenses increased by +€16 million due to the increase in premium charges (+€8 million) mainly in health and individual protection, markups on outstanding UL (+€5 million), and management markups on the L441 plans (+€6 million).

In group insurance, the margin excluding expenses increased significantly by +€83 million before taxes due to the increase in markups on premiums (+€23 million) in connection with the increase in premium income from health and individual protection and inward reinsurance. The margin also benefited from non-recurring items (surplus on prior years).

The technical net income of life and health insurance of the entity Groupama Assurances Mutuelles decreased slightly over the period.

The recurring financial margin (net of profit sharing and taxes) was €80 million, down €45 million over the period due in particular to the increase in the profit-sharing rate.

In France, the result excluding discontinued activities of life and health insurance amounted to €256 million at 31 December 2018 compared with €9 million at 31 December 2017. The non-recurring financial margin increased €118 million over the period, mainly due to greater realised capital gains in connection with the sale of a property in La Défense. Non-recurring items amounted to -€21 million in 2018. As a reminder, fiscal year 2017 was marked by extraordinary items representing an expense of -€141 million, which included the reserving of statutory enhancements of life annuities following the legislative change for -€133 million and the corporate tax surcharge.

After taking into account net income from discontinued businesses, net income from life and health insurance in France amounted to €256 million in 2018 versus €25 million in 2017.

6.1.4.4 International activity and earnings

International premium income (in millions of euros)	31.12.2017 *pro forma*			31.12.2018		
	L&H	P&C	Total	L&H	P&C	Total
Italy	493	1,013	1,506	440	1,041	1,481
Greece	53	79	132	52	86	139
Turkey	55	189	244	59	206	265
Hungary	184	156	339	188	167	355
Romania	14	184	198	15	201	216
Bulgaria	6	9	15	7	11	18
Gan Outre-Mer	8	55	63	9	55	64
TOTAL	**813**	**1,685**	**2,498**	**770**	**1,768**	**2,537**

The group's International combined premium income was €2.537 billion at 31 December 2018, up +1.6% compared with 31 December 2017.

Property and casualty insurance premium income totalled €1.768 billion at 31 December 2018, a +4.9% increase over the previous period. The growth in the passenger vehicle segment (+6.3%), particularly in Italy, Romania, and Turkey, combined with the growth of the business and municipal property segment (+3.8%), explains this development.

Life and health insurance premium income decreased by -5.3% to €770 million, with mixed trends among the segments. Individual life and health insurance decreased -7.9% due to the decline in individual savings/pensions (-12.6%), particularly in Italy. Group life and health insurance was up +12.2% at €116 million, driven by the good performance of the group retirement (+30.7%) and group health (+24.6%) segments, mainly in Italy.

Economic operating income for insurance on the International scope was €43 million in 2018 (-€41 million compared with 2017).

The property and casualty insurance result decreased by nearly -€30 million with a combined net ratio at 103.2% (+2.6 points compared with 2017). The net loss experience decreased by +1.9 points to 71.1% in 2018. This trend conceals the mixed results across countries. Technical results worsened in Italy, particularly in the motor liability segment, while they improved in Hungary, especially in connection with pricing adjustments and a degree of clemency in serious and weather claims. The operating cost ratio was up 0.7 points at 32.1%.

The result of the life and health insurance business declined by -€11 million as of 31 December 2018 due in particular to the increase in the loss experience of the group protection segment in Italy.

Economic operating income *(in millions of euros)*	31.12.2017	31.12.2018
Italy	37	(26)
Greece	9	10
Turkey	7	10
Hungary	11	26
Romania	10	9
Bulgaria	1	1
Gan Outre-Mer	2	9
Equity-method entities	**7**	**5**
Tunisia (Star)	1	1
China (AVIC)	6	4
TOTAL	**84**	**43**

Net income from international insurance amounted to €22 million at 31 December 2018 compared with €91 million at 31 December 2017.

The breakdown of net income, by entity, is as follows:

Net income *(in millions of euros)* [(1)]	**31.12.2017**	**31.12.2018**
Italy	35	(43)
Greece	11	10
Turkey	8	16
Hungary	15	23
Romania	10	2
Bulgaria	1	1
Gan Outre-Mer	2	9
Equity-method entities	**7**	**5**
Tunisia (Star)	1	1
China (Groupama AVIC)	6	4
Ceded entities	**3**	
Great Britain	4	
Portugal	(2)	
TOTAL	**91**	**22**

(1) Excluding income from the holding business.

(a) Italy

Premium income for the Italian subsidiary Groupama Assicurazioni fell -1.7% to €1.481 billion at 31 December 2018. However, the changes were contrasted according to the segments.

Property and casualty insurance premium income increased +2.8% to €1.041 billion. The development of the portfolio explains the growth in the passenger vehicle business (+3.8% for a portfolio representing 70% of written premiums in property and casualty insurance) and home insurance (+4.6%).

Life and health insurance activity (€440 million) decreased by -10.8% compared with the previous period. Individual savings/pension business decreased -18.2%. Individual savings in euros declined by -23.7% under the combined effect of the end of an agreement with a major partner and the subsidiary's strategy to limit inflows in euros in accordance with the Group's guidelines. Individual UL savings fell by -9.7% due to the cessation of production of the banking network. However, the good performance by the group retirement (+47.7%) and group health (+68.3%) segments mitigated these changes.

Economic operating income amounted to -€26 million at 31 December 2018 compared with a profit of +€37 million at 31 December 2017.

The combined ratio in property and casualty insurance amounted to 106.4% at 31 December 2018, up +6.7 points compared with 31 December 2017. The gross loss ratio deteriorated by +9.7 points to 76.6% as of 31 December 2018 due to the reinforcement of reserves on prior periods in motor insurance and an increase in the attritional loss experience due to the increase in average cost and certain leasing partnerships that were terminated at the end of 2018. The operating cost rate increased by +0.6 points to 30.5%.

In life and health insurance, the technical result decreased mainly due to the unfavourable change in the loss experience in group protection and in health.

The recurring financial margin (net of profit sharing) was down under the effect of the decrease in yield rates.

Net income totalled -€43 million at 31 December 2018 compared with +€35 million at 31 December 2017. This result includes the amortisation of portfolio securities for an amount (-€11 million after taxes) and the non-recurring financial margin. This margin was down due to the lower volume of capital gains on disposals and an adverse effect related to the change in fair value of financial instruments.

(b) Turkey

Premium income for the Turkish subsidiaries Groupama Sigorta and Groupama Emeklilik increased by +8.6% to €265 million as of 31 December 2018.

Property and casualty insurance premium income (€206 million) increased by +9.1%. Passenger vehicle insurance increased by +13.0% mainly thanks to the pool. Agricultural risks (including Tarsim) increased +4.5%, mainly thanks to the TKK network of agricultural cooperatives, which again paid off in 2018 but will end in 2019.

Activity in life and health insurance (€59 million) increased +7.1%, mainly due to the growth of the individual health segment (+16.2% due to price increases related to inflation). The decline of the group protection insurance segment (-4.8%) was the result of the termination of the distribution agreement with the TKK agricultural cooperatives network. It was mitigated by the increase in the individual savings/pensions activity as a result of the launch of a new product.

Economic operating income for the Turkish subsidiaries Groupama Sigorta and Groupama Emeklilik represented a profit of +€10 million at 31 December 2018 compared with +€7 million at 31 December 2017.

The combined ratio of the property and casualty insurance business increased by +0.8 points to 112.2% as of 31 December 2018 with a loss experience up 2.2 points at 53.1%. This change was due in particular to a worsening of the average cost of motor vehicle damage claims resulting especially from inflation and an unfavourable exchange rate (increase in costs of spare parts). The operating cost ratio worsened (+0.2 points to 21.8%) due to the decrease in earned premiums.

The underwriting result in life and health insurance was down due to the reinforcement of reserves in the protection insurance segment (borrower credit).

The recurring financial margin benefited from higher rates of return.

The net income of the Turkish subsidiaries totalled +€16 million at 31 December 2018 compared with +€8 million at 31 December 2017. This result includes the capital gain from the sale of the pension fund activity for a net amount of €5 million.

(c) Greece

Groupama Phoenix's premium income increased +5.3% compared with the previous period to €139 million at 31 December 2018. However, the changes were contrasted according to the segments.

The property and casualty insurance business was up +9.4% at €86 million. The passenger vehicle industry (almost 70% of property and casualty insurance premiums) grew +12.7% due to the expansion of the portfolio in number of policies, in particular as a result of new agreements with brokers.

Life and health insurance premium income decreased -0.9% to €52 million. The growth posted by the group retirement segment (+16.5%, in connection with the development of major policies) was offset by the decline in individual savings/pensions (-53.7% due to the decrease in UL premium income), which continued to be affected the capital controls in force in Greece.

Economic operating income represented a profit of +€10 million at 31 December 2018 (versus +€9 million at 31 December 2017).

The combined ratio in property and casualty insurance amounted to 86.0%, up +0.7 points compared with 31 December 2017. This change is explained by the increase in current loss experience in motor liability claims, while the fire insurance segment saw a decrease in the frequency of serious claims. The operating cost ratio decreased -0.5 points to 45.7% as of 31 December 2018, reflecting the streamlining of structural costs incurred by the subsidiary.

The technical result in life and health insurance decreased slightly, particularly in life insurance (individual protection insurance).

The recurring financial margin net of profit sharing was slightly higher.

Net income was a profit of +€10 million at 31 December 2018 versus +€11 million at 31 December 2017. This result includes the impact of the decrease in the tax rate (expense of -€2 million on a tax receivable) and a capital gain on the sale of real estate (+€2 million).

(d) Hungary

Premium income of the subsidiary Groupama Biztosito in Hungary increased +4.7% to €355 million at 31 December 2018.

Property and casualty insurance written premiums were up +7.4% at €167 million at 31 December 2018. The development of the portfolio (particularly thanks to the network of brokers) and price increases explain the growth of the passenger vehicle segment (+15.9%). The business property damage segment posted growth of +15.5%, mainly due to the launch of a new product and price adjustments. The fleets segment increased +11.2%. However, the decline in the agricultural segment (-23.0% in connection with the cleaning of the portfolio) hampered these good performance levels.

In life and health insurance, premium income amounted to €188 million, an increase of +2.4%, driven by the growth in the individual protection segment (+10.8%). Individual savings/pension business increased +0.9%. The subsidiary's Life/Savings premium income continued to consist of 87.8% UL policies.

Economic operating income amounted to +€26 million at 31 December 2018 compared with +€11 million at 31 December 2017.

The net combined ratio for property and casualty insurance decreased by -6.5 points to 97.3% at 31 December 2018. The gross loss experience decreased (-9.4 points to 45.8% at 31 December 2018) due to an overall exceptional loss (attritional, serious, and weather). The operating cost ratio decreased by -0.3 points to 47.7%, confirming the subsidiary's control of expenses.

The technical result in life and health insurance remained stable at +€8 million as of 31 December 2018.

The recurring financial margin net of profit sharing was higher.

The Hungarian subsidiary's net income amounted to +€23 million at 31 December 2018 compared with +€15 million at 31 December 2017. The non-recurring financial margin decreased due to the adverse effect of the change in fair value of investments passing through profit or loss.

(e) Romania

Premium income of the Romania subsidiary Groupama Asigurari rose by +8.7% to €216 million at 31 December 2018.

The property and casualty insurance business (€201 million) increased +8.9%. The passenger vehicle segment (more than 70% of premiums in property and casualty insurance) increased +10.8%, breaking down into +7.8% for the damage insurance segment and +16.5% for the liability segment, particularly under the effect of price increases combined with development of the portfolio.

Life and health insurance premium income (€15 million) increased +6.8% over the period, driven by growth in group health (+13.6%), particularly due to development of the portfolio.

The Romanian subsidiary's economic operating income totalled +€9 million at 31 December 2018 compared with a result of +€10 million at 31 December 2017.

The net combined ratio in property and casualty insurance improved slightly (+0.9 points) to 96.7%. The current loss experience deteriorated due in particular to the increase in average costs of claims weighing on motor vehicle risks and the impact of weather events on agricultural risks. The operating cost ratio was up 0.2 points at 32.5% following the increase in commissions.

The technical result of life and health insurance decreased slightly with a decrease in the result of life insurance activities.

The increased recurring financial margin (+€2 million) followed the favourable trend on markets.

Net income was a profit of +€2 million at 31 December 2018 versus +€10 million at 31 December 2017.

(f) Bulgaria

In Bulgaria, premium income of the subsidiaries Groupama Zastrahovane and Groupama Jivotozastrahovane increased +19.8% to €18 million at 31 December 2018. Life and health insurance premium income grew +9.7% to €7 million. Property and casualty insurance (€11 million) was up +27.0%, driven by growth in the passenger vehicle segment (+44.9%), which benefited from development of the portfolio in number of policies.

The contribution of the Bulgarian subsidiaries to the Group's net income was stable, representing +€1 million of income at 31 December 2018.

(g) Gan Outre-Mer

Premium income for Gan Outre-Mer rose +0.9% to €64 million at 31 December 2018. Property and casualty insurance remained stable at €55 million, with growth in the home insurance segment (+6.9%) being offset by the decline in the business damage segment (-11.1%, in particular as a result of the voluntary termination of policies). Premium income in life and health insurance (mainly individual health) continued to grow. It was up +6.8% at €9 million.

Gan Outre-Mer's economic operating income totalled +€9 million in 2018 compared with €2 million in 2017. Net underwriting income in property and casualty insurance increased by €10 million with a combined net ratio that improved -18.7 points to 77.6%. As a reminder, fiscal year 2017 was affected by the occurrence of a major fire and various weather events. The operating cost rate was down -0.1 points at 28.3% in 2018.

Gan Outre-Mer's net income totalled €9 million in 2018, compared with €2 million in 2017.

(h) Tunisia

The equity-method income of the Tunisian subsidiary Star was +€1 million in 2018.

(i) China

The Chinese subsidiary's contribution represented a profit of +€4 million at 31 December 2018 compared with a profit of +€6 million at 31 December 2017.

6.1.4.5 Financial and banking businesses

(in millions of euros)	31.12.2017	31.12.2018	2018-2017 change	
Net banking income, net of cost of risk and long-term financial instruments	143	153	10	6.9%
Other operating income and expenses and non-underwriting current income and expenses	(97)	(101)	(4)	-4.0%
Other items	(15)	(18)	(3)	-21.3%
Economic operating income	**32**	**34**	**3**	**8.8%**
Other operations net of corporate income tax	(35)	(59)	(24)	-68.9%
GROUP NET INCOME	**(3)**	**(24)**	**(21)**	**<-100%**

The economic operating income of financial and banking businesses totalled +€34 million in 2018 versus +€32 million in 2017. These figures include the income of Groupama Asset Management and Groupama Épargne Salariale, with net banking income up +7.2% and +2.7% respectively over the period. The economic operating income of Groupama Immobilier, the Group's investment property management subsidiary, was stable over the period.

Net income from financial and banking activities amounted to -€24 million in 2018 and includes the equity-method income of Orange Bank in other transactions net of tax.

6.1.4.6 Groupama Assurances Mutuelles and holdings

(in millions of euros)	31.12.2017	31.12.2018	2018-2017 change	
Other operating income and expenses and non-underwriting current income and expenses	(117)	(119)	(1)	-1.1%
Recurring financial income (after corporate income tax)	10	(12)	(23)	<-100%
Other items	62	42	(20)	-32.4%
Economic operating income	**(45)**	**(89)**	**(44)**	**-96.6%**
Capital gains realised net of corporate income tax	68	89	21	30.4%
Allocations to reserves for long-term impairment net of corporate income tax		(2)	(2)	
Gains or losses on financial assets recognised at fair value net of corporate income tax	15	12	(3)	-22.1%
Financing expenses	(57)	(57)		-0.2%
Other operations net of corporate income tax	(75)	32	107	>100%
Result excluding discontinued operations	**(95)**	**(16)**	**79**	**82.8%**
Net income from discontinued business activities	108	(2)	(111)	<-100%
GROUP NET INCOME	**13**	**(19)**	**(32)**	**<-100%**

Groupama Assurances Mutuelles is the head entity of the Group and is the central body. It acts as a holding company by holding (directly or indirectly) all of the Group's French and international subsidiaries. In this function, Groupama Assurances Mutuelles ensures the operational management of the Group. It is the focal point for internal and external financing. The financial result is broken down on a standardised basis for the underwriting activity. The expenses allocated to that activity correspond to the share of costs and expenses of General Management, functional departments and shared, non-underwriting expenses.

The holding economic operating income totalled -€89 million in 2018, a decrease of -€44 million compared with 2017, mainly due to the decline in the recurring financial margin.

The result excluding discontinued activities of the holding companies improved by +€79 million to -16 million in 2018. The non-recurring financial margin improved due to the realisation of significant capital gains. Other transactions net of taxes generated income of +€32 million, whereas they represented an expense of -€75 million in 2017 in connection with reserves for contingencies and charges and non-recurring tax effects.

The net income of holding companies was a loss of -€19 million at 31 December 2018 compared with a profit of +€13 million in 2017. The result from discontinued businesses (-€2 million) corresponds to the result from the sale of the Portuguese subsidiaries, whereas in 2017, the income of +€108 million corresponded to the share of the result on the sale of Icade shares allocated to the holding company business.

The Group's net income breaks down as follows:

Net income *(in millions of euros)*	31.12.2017	31.12.2018
Total Insurance – France	36	340
Total Insurance – International	91	22
Banking and financial businesses	(3)	(24)
Holding activities	57	(19)
Impairment of goodwill	(58)	
Other	(36)	
TOTAL GROUPAMA SA NET INCOME	**87**	**319**

6.1.4.7 Consolidated balance sheet

At 31 December 2018, the Groupama balance sheet total was €88.5 billion, compared with €90.6 billion in 2017, a decline of -2.4%.

(a) Goodwill

Goodwill remained stable at €1.9 million at 31 December 2018.

(b) Other intangible assets

Other intangible assets totalling €235 million at 31 December 2018 (versus €226 million in 2017) are composed primarily of amortisable portfolio securities (€63 million) and computer software. The decrease in this item is particularly related to amortisation for the period.

(c) Investments (including unit-linked investments)

Insurance investments totalled €78.5 billion in 2018 compared with €80.3 billion in 2017, down -2.3%.

The Group's unrealised capital gains (including property) decreased -€2.0 billion to +€7.3 billion (compared with +€9.3 billion at the previous close), mainly because of the decrease in unrealised capital gains on bonds.

By asset allocation, unrealised capital gains are broken down into +€5.0 billion on bonds, +€0.5 billion on equities, and +€1.8 billion on property.

Unrealised capital gains on financial assets (excluding property) totalled +€5.5 billion, with €1.0 billion attributable to the Group (after profit sharing and taxes) versus +€1.3 billion at 31 December 2017. These amounts are recorded in the financial statements in the revaluation reserve. Unrealised property gains attributable to the Group (net of tax and deferred profit sharing) totalled +€0.5 billion compared with +€0.6 billion at 31 December 2017. The Group elected to account for investment and operating property according to the amortised cost method; therefore, unrealised property gains were not recorded in the accounts.

The equity share of total investments in terms of market value was 4.6% at 31 December 2018 versus 5.0% at 31 December 2017 according to an economic view.

(d) Group's equity

At 31 December 2018, Groupama's consolidated group's equity remained stable compared with the previous period and amounted to €5.3 billion.

This change can be summarised as follows:

(in millions of euros)

GROUP'S EQUITY AT 2018 OPENING	**5,257**
Change in revaluation reserve: fair value of AFS assets	(1,643)
Change in revaluation reserve: shadow accounting	1,271
Change in revaluation reserve: deferred tax	125
Foreign exchange adjustment	(38)
Other	(17)
Income (Loss)	319
GROUP'S EQUITY AS OF 31 DECEMBER 2018	**5,274**

(e) Subordinated liabilities, financing and other debts

Subordinated liabilities and external debt totalled €1.6 billion at 31 December 2018 versus €1.1 billion at 31 December 2017. This increase was due to subordinated liabilities.

At 31 December 2018, subordinated debt increased by +€497 million compared with 31 December 2017 and totalled €1.633 billion in connection with the issue of subordinated instruments realised in September 2018.

The Group no longer has any external debt (excluding subordinated debt) since the end of 2015.

(f) Technical reserves

Gross technical reserves (including deferred profit sharing) totalled €72.8 billion at 31 December 2018, compared with €74.9 billion at 31 December 2017.

(g) Contingent liabilities

Reserves for contingencies and charges totalled €384 million in 2018, compared with €463 million in 2017, and were primarily made up of pension commitments under IAS 19.

6.1.5 DEBT

The Group's debt ratio is assessed at the combined scope level (ratio now calculated according to the method chosen by our rating agency) and was 28.4% at the end of 2018, compared with 25.9% at 31 December 2017.

6.1.6 RISK MANAGEMENT AND RELIABILITY OF FINANCIAL INFORMATION

Risk management is addressed in section 3 of the registration document.

Reliability of financial data

The Group Financial Control Department within the Group Finance Department is responsible for preparing the financial statements and the notes to the shareholders, sponsoring authorities and tax authorities.

6.1.6.1 Corporate financial statements of Groupama Assurances Mutuelles

The parent company statements are prepared with an ongoing objective of identifying all funds flows in detail, assigning a value to them and accounting for them in accordance with the regulations in force.

The types of internal control procedure implemented to that end are listed below:

- security procedures and internal checks: every area Manager guarantees the appropriateness of the work load for the skills of his or her staff and ensures their compatibility while at the same time ensuring the separation of duties among employees;
- integrated control and control tests: this refers to all operations guaranteeing the reliability and existence of an audit trail when data are charged to the accounting, tax and regulatory information system, notably:
  - the functions and applications used to perform reliability tests and tests to check on the accuracy and consistency of accounting transactions,
  - other non-electronic actions and tests, mainly focusing on consistency checks carried out by random sampling on large-volume transactions, with very low unit amounts (*e.g.,* balancing of policyholder balances, tax statements);
- hierarchical control: aimed at distributing information and allowing the cross-checking required for the reliability of the parent company financial statements. This is done through several routine management procedures and in inventory:
  - within routine management:
    - separation of the functions of commitment and payment of expenses:

      expenditure of a technical, general or financial nature is in principle ordered by persons outside the Group Financial Control Department who are authorised up to a certain ceiling based on the type of expense; payment of these expenses is initiated by the Group Financial Control Department only after a signature different from that of the authorising officer,
    - monitoring of banking authorities:

      delegation of signature authority for banking transactions, granted to some employees, is subject to administrative monitoring and regular updating; these functions have been the responsibility, since 1 July 2014, of the Group Legal Department, in close liaison with the Group Financial Control Department,
  - within inventory management and preparation of the financial statements:
    - regular review meetings between the Group Financial Control Department and the other departments designed to provide an overview of all the flows for the year and anticipate their integration into the financial statements,
    - measurement of the consistency between the parent company statements and the estimated statements in collaboration with the various teams of the Group Financial Control Department,
    - building up a set of supporting documentation for the year's financial statements under the supervision of the reviewer's direct superior, then the department head,
    - review of parent company and Group tax income/expense with the Group Tax Department,
    - internal meetings within the Group Finance Department to deal with different operational and functional views and thus to ensure the validity of the Groupama Assurances Mutuelles auxiliary and parent company financial statements,
    - approval of the financial statements by the Executive Management.

In accordance with its position as parent company of the Group, Groupama Assurances Mutuelles handles the accounting for a certain number of subsidiaries through its Service Sharing Centre (operating SCIs GIE Groupama Support & Services, holding companies and other subsidiaries); it also handles investment accounting for the French subsidiaries.

The Group Financial Control Department prepares the financial portion of the financial statements (securities and real estate, plant and equipment) for the profit centres, using an auxiliary accounting system. For those entities in particular, it works with the Group Tax Department to calculate the financial taxable income/expense (securities and real estate) and drafts the statutory financial statements to be sent to the ACPR.

The tools and procedures used to keep investment auxiliary accounts (back-office securities and accounting tool) and the accounting systems of the entities without the means to have their own Accounting Departments comply with the same internal control criteria as those described previously for the Groupama Assurances Mutuelles parent company statements (see above). With regard to the investment accounting system, it should be noted that standardised controls, which are subject to written procedures, can be used to guarantee the reliability of the information regarding investments.

6.1.6.2 Consolidated financial statements and combined financial statements

The internal control procedures used to establish the reliability of the consolidated financial data for the shareholders of Groupama Assurances Mutuelles are based on five basic principles: checking the adequacy of skills (internal check), integrated control, parallel control tests, hierarchical control, and Group benchmarking.

(a) Security and Internal Checking Procedures

They are applied for the departments preparing the consolidated and combined financial statements in the same way as described in the section on the parent company financial statements (see above).

(b) Integrated Control

The Group's system for developing condensed financial data has been implemented throughout the entities. It is based on a single consolidated data production base. All the entities supply this database with data through secure links. It contains a large number of controls designed to guarantee the quality of the financial data:

- the first level of verification entails checking the standardisation of the data (all the Group's data is presented in a format that follows a single standard);
- at a second level, a series of automatic checks is built into the entities' individual data-gathering phase. These checks mainly relate to the overall accuracy and consistency of the items entered. Depending on the types of control, the data input may either be blocked automatically (which can only be cancelled if the exact data is input), or else the control returns an error, which must be corrected. An audit trail of these controls is maintained centrally. The software allows a fairly high level of automatic control through the development of interfaces with the upstream systems;
- at the central level, additional controls are carried out. These mainly involve the necessary consistency of the data between the different entities in the Group (*e.g.* for internal reciprocal transactions) and central transactions (conversion of foreign subsidiaries, consolidation entries, etc.).

The system has an audit trail that can run any cross-checks that might be desired, to identify and monitor any data item and trace the source of any elementary data, from the parent company to the consolidated level. This set of parameters is tested regularly (particularly by republishing old scenarios).

(c) Control Tests

A set of verification and control tests has been put into place to ensure that transactions are executed reliably whether they are electronic or not. In addition to the electronic processes, these tests have two main objectives:

- checking the origin of the data (from the standpoint of accuracy and application of the standards); this check is based mainly on consistency checks with the estimates, with the parent company analytical notes (or the management report) of each entity, and on a management questionnaire designed to ensure that the Group's most sensitive accounting standards and methods are properly applied;
- verification of central processing: accuracy checks are carried out to guarantee that central consolidation transactions are correctly processed (sharing of shareholders' equity, dilutions/accretions, etc.).

The control tests are documented in a review manual.

(d) Hierarchical Control

Hierarchical control seeks to ensure that the principal items affecting the truthfulness and accuracy of the financial data, as well as the asset position and the profit/loss (parent company and consolidated) disclosed to the shareholders, are captured in the data presented. This control involves the use of several procedures:

- checking for consistency with the estimates and with any item used to cross-check the data appearing in the financial statements;
- meetings to approve the financial statements with the employees producing the financial data (with a review of any problem subjects encountered during the approval process);
- approval meetings with the statutory auditors of the consolidated financial statements;
- meetings with the Steering Committee to review the consolidated financial statements;
- meetings of the Audit and Risk Management Committee to review the consolidated financial statements.

All of these tasks are aimed at enhancing the quality of the financial data, particularly the consolidated financial statements as well as the management report to the Board of Directors.

(e) The Group Standard

The accounting standards for the consolidated financial statements are the IFRS. They are distributed at group level, and instructions for using them are given in a consolidation manual containing reminders of each line item in the balance sheet and the income statement:

- IFRS reference text and a summary of the standard;
- the area of application and possible options selected by the Group wherever the IFRS leave the possibility of applying options;
- methods of application.

The consolidation manual is available online. It can be accessed by all the entities in the Group (French and English versions). It is updated regularly based on any changes in the IFRS.

This consolidation manual also includes instructions (French and English versions) issued at every closing to all Group entities. The instructions emphasise the specific items applicable to each approval process. These instructions are sent to the statutory auditors for information.

Training in both methodology and operations is given regularly to all the players involved in the Group so that the requirements introduced by the IFRS are properly understood and incorporated into the financial statements.

6.1.6.3 Supervision of intra-group accounting transactions

Transactions among subsidiaries and Groupama Assurances Mutuelles (internal loans, subsidiary restructurings, capital increases, dividend payouts, etc.) are subject to decisions validated by the Groupama Assurances Mutuelles Executive Management, and to technical and operational controls by the Group Financial Controlling Department. Controls on these operations are carried out by auditing the consolidated financial statements, *i.e.* by reconciling intra-group transactions, monitoring any changes in shareholders' equity, and reviewing the transactions recorded for consistency with legal documentation.

6.1.7 FINANCIAL FUTURES POLICY

6.1.7.1 Interest rate risk

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

This is made possible by converting fixed-rate bonds into variable-rate bonds ("payer swaps"). The strategy consists in transforming a fixed-rate bond into a variable-rate bond, either on a security held or on new investments. They are intended to permit asset disposals in the event of an increase in interest rates by limiting realisations of capital losses, either to pay benefits or to invest at higher rate levels.

Hedging programmes were gradually implemented on behalf of the life insurance companies as from 2005. In accordance with the approval of the Boards of Directors, the swap programme was supplemented in 2012 and partially extended to the Non-Life portion with a tactical management objective.

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

6.1.7.2 Foreign exchange risk

Ownership of international equities entails dollar and yen foreign exchange risk, which can be hedged through forward sales. These forward sales are terminated as the underlyings are disposed of or are renewed to hedge the residual underlyings. The hedging of currency risk on the Hungarian forint has been actively managed since 2015.

The holding of bonds issued in foreign currencies (dollar, sterling, Swiss franc) is hedged *via* currency swaps against the euro.

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

6.1.7.3 Equity risk

In 2018, the Group's equity risk continued to be actively managed, which led to, in particular, the continuation of the hedging policy on protected equity funds, but in a more opportunistic manner.

This last strategy uses derivatives housed in mutual funds.

6.1.7.4 Credit risk

In a tactical management strategy of the credit asset class, the Groupama Asset Management can be exposed or hedge credit risk by using forward financial instruments like Credit Default Swaps.

This type of operation only involves assets managed through mutual funds.

6.1.7.5 Spread risk

A 10-year swap rate exposure strategy was introduced in 2017 in the form of a test. It aims to allow the Group to take duration without exposure to spread risk (sovereign or credit).

This operation is carried out using a vehicle paying the Euribor and an FFI exchanging this remuneration for the 10-year swap rate.

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

6.1.8 ANALYSIS OF THE ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR

6.1.8.1 Income (Loss)

The Groupama Assurances Mutuelles income statement includes the technical balance before expenses (premiums, claims, and reinsurance) as a replacement for the Antilles Guyane regional mutual, which is exempt from approval. There was no impact on the net transactions of the Groupama Assurances Mutuelles income statement. However, the substituted transactions led to a symmetrical increase in the gross technical operations of Groupama Assurances Mutuelles and the outward reinsurance and retrocessions. The acquired contributions thus appear in the corporate financial statements for €2.7437 billion, broken down into €37.1 million in substituted contributions net of inward reinsurance as a share of the reinsurer Groupama Assurances Mutuelles and €2.7066 billion in acquired contributions (excluding substitution).

The remainder of the commentary on business activity focuses exclusively on net substitution transactions.

Earned premium reached €2.7066 billion, up 1.4% (+€38.5 million) compared with 2017 (€2,668.1 million). This change came mainly from:

- inward reinsurance received from the regional mutuals (€2.0361 billion), up 17.4 million, or +0.9%;
- contributions ceded to Groupama Assurances Mutuelles by the Group's subsidiaries (€528.8 million), an increase of €8.6 million compared with 2017, including +€4.4 million from Amaline and +€1.5 million from Gan Assurances;
- as well as revenue related to other operations (professional pools, partnerships, etc.), which increased by €12.4 million, mainly from the partnership with La Banque Postale IARD.

Expenses from claims (excluding claims management fees), annuities, and other technical reserves totalled -€1.6992 billion, a decrease of +€344.8 million, including:

- +€131.2 million related to a more favourable current loss experience. Hurricanes Irma and Maria in 2017 had an impact of €324 million; restated for this amount, the current loss experienced deteriorated by -€192.8 million due in particular to the weight of serious claims;
- +€152.0 million from a sharp increase in surpluses on prior years.

The reinsurance and retrocession balance was an expense of -€286.8 million (+€21.7 million in 2017), representing a change of -€308.5 million mainly due to the decrease in claims ceded in reinsurance including retrocessions to the regional mutuals (€153.7 million compared with €433.8 million in 2017). As a reminder, Hurricanes Irma and Maria in 2017 generated a recovery of claims of +€292 million.

After taking into account the commissions paid to ceding entities for €479.1 million, the net technical margin before general expenses was an income of +€241.4 million, up €53.4 million compared with 2017.

Total operating expenses for Groupama Assurances Mutuelles were -€256.4 million, versus -€245.1 million in 2017, an increase of €11.4 million, mainly from the cost of integrating Fédération Nationale into Groupama Assurances Mutuelles.

Financial income was positive at +€98.6 million, compared with +€477.4 million in 2017, a decrease of -€378.8 million, mainly from:

- a decrease in received dividends of -€211.3 million. Due to the formation of Groupama Holding Filiales et Participations as part of the conversion of Groupama SA into Groupama Assurances Mutuelles, all dividends from subsidiaries were not paid directly to Groupama Assurances Mutuelles. The one-off decline in dividend flows at Groupama Assurances Mutuelles was partially offset by an exceptional dividend from Groupama Gan Vie;
- a decrease in net capital gains from disposals of -€201.3 million (in 2017, disposals of Icade, Domaine de Nalys, etc.),
- mitigated by a joint decrease in bond borrowing expenses (€20.8 million) and subordinated debt (€11.4 million).

Extraordinary income amounted to -€15.7 million compared with -€8.8 million in 2017.

The "Taxes" item represents income of +€97.4 million, which includes tax savings realised by the Group from the tax consolidation, retained by Groupama Assurances Mutuelles in its capacity as head of the tax group.

The net income for the fiscal year was therefore €165.3 million.

6.1.8.2 Balance sheet

The Groupama Assurances Mutuelles balance sheet for 2018 totalled €14.126 billion, up €296.9 million compared with 2017.

Group's equity reached €3,390.1 million at 31 December 2018 (€3,196.3 million at 31 December 2017). It consists of mutual certificates for €3,617.9 million, the conversion difference for -€393 million, and the result for the fiscal year of €165.3 million.

Gross technical reserves amounted to €5.957 billion, down -€167.4 million compared with the end of 2017, as 2017 was impacted in particular by claims due to Hurricanes Irma and Maria (not yet settled as of 31 December). For these same reasons, ceded and retroceded technical reserves amounted to €1.1174 billion, also down compared with 2017 (-€146.1 million).

Subordinated liabilities amounted to €2.7325 billion (versus €2.2361 billion at the end of 2017). The increase of +€496.4 million mainly stems from the issue on 24 September 2018 of a redeemable subordinated instrument (TSR) for a nominal amount of €500 million at a fixed rate of 3.375% for a 10-year term.

The main item on the assets side of the Groupama Assurances Mutuelles balance sheet consists of investments, the net book value of which is €12.251 billion, whereas in realisable value, the Groupama Assurances Mutuelles investments (including FFI) amounted to €15.262 billion.

6.1.8.3 Details of invoice payment periods

In accordance with the provisions of the French Commercial Code, the attached table provides details of the invoice payment periods in relation to their due date. Pursuant to the French insurance federation's circular of 29 May 2017, the information in the table below does not include transactions related to insurance and reinsurance policies.

Standard template of tables used to present information on payment terms of suppliers and customers mentioned in Article D. 441-4 of the French Commercial Code

Invoices received and issued but not yet paid as of the closing date of the fiscal year and in arrears
(table provided for in Article D.441-4(I) of the French Commercial Code)

	Article D. 441 I. – 1° of the French Commercial Code: Invoices received and unpaid as of the end of the fiscal year and in arrears						Article D. 441 I. – 2° of the French Commercial Code: Invoices issued and not yet paid as of the end of the fiscal year and in arrears					
	0 days (indicative)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 or more days**	**Total (1 or more days)**	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 or more days**	**Total (1 or more days)**
(A) Payment arrears range												
Number of invoices concerned	7309					3						
Total amount of invoices concerned (specify excl. or incl. tax)	102,197,649.24 Incl. tax	10.65 Incl. tax	1,323.36 Incl. tax			1,334.01 Incl. tax						0.00
Percentage of total purchases for the fiscal year (specify excl. or incl. tax)	100.00% Incl. tax	0.00% Incl. tax	0.00% Incl. tax	0.00%	0.00%	0.00%						
Percentage of revenue for the fiscal year (specify excl. or incl. tax)												
(B) Invoices excluded from (A) relating to disputed and unrecorded payables and receivables												
Number of invoices excluded												
Total amount of invoices excluded (specify excl. or incl. tax)												
(C) Standard payment terms used (contractual or legal payment terms – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate payment arrears	Statutory terms: 60 days from the invoice date						- Contractual terms: (specify) - Legal terms (specify)					

6.1.9 OUTLOOK

In an unstable macroeconomic environment (trade tensions between the United States and China, uncertain outcome of Brexit, etc.), Groupama implemented a risk management system that would allow it to cope in the event of an adverse situation. Its financial resources and flexibility are suitable.

Groupama is confident in its ability to continue its profitable growth trajectory, which has made it possible to put mutual insurance back at the heart of its strategy. Thanks to the conversion of the Group's central body from a public limited company into a mutual insurance company, Groupama has the strategic flexibility to succeed. The Vision project, which aims to put all the Group's strengths in a fully focused approach in the implementation of the strategy, is another response to this ambition.

Focused on serving its members and customers in order to be able to offer them innovative products and quality service, Groupama's ambition is to become a centre for consolidation of mutual insurance in France and to illustrate its purpose on a daily basis: "We are here to allow as many people as possible build their lives confidently."

6.2 DIVIDEND DISTRIBUTION POLICY

The following statements are purely historical, as Groupama Assurances Mutuelles, since its conversion into a 'Caisse Nationale de Réassurance Mutuelle Agricole' on 7 June 2018, no longer has any capital.

6.2.1 DIVIDENDS PAID OVER THE PAST THREE FISCAL YEARS

Fiscal years	Total dividends distributed	Total dividends distributed eligible for reduction	Total dividends distributed not eligible for reduction
2017	€14,005,418.41	€3,382.46	€14,002,035.96
2016	None	None	None
2015	€14,261,596.16	€4,918.13	€14,256,678.03

6.2.2 DISTRIBUTION POLICY

The dividends paid by Groupama SA were paid in euros.

The dividend proposal was submitted to the General Meeting after the allocation of the earnings is proposed by the Board of Directors.

Groupama SA determined its dividend distribution policy on the basis of its consolidated current income minus subsidies paid to regional mutuals.

When considering the dividend to be paid for a given year, Management sought to reconcile (i) the prudent management of capital, (ii) the reinvestment of past earnings to support the development of businesses and (iii) the objectives set by the controlling shareholder.

Note that 99.98% of the dividend was paid to the controlling shareholder of Groupama SA, and 0.02% was paid to the minority shareholders.

On the day of the conversion of the Company into a National Agricultural Reinsurance Mutual, a form of company without capital, the Groupama SA shares held by the minority shareholders were cancelled. The shares held by the member mutuals were converted into mutual certificates. Going forward, the Company will be able to pay, under certain conditions, remuneration for these mutual certificates (see section 6.3 below).

	FY 2017	FY 2016	FY 2015
Overall dividend	€13.9 million	€0	€14.3 million
Dividend per share	€0.034	€0	€0.035
Consolidated net income	€87 million	€79 million	€133 million
Distribution rate	15.9%	Not applicable	10.7%

6.2.3 STATUTE OF LIMITATIONS

Dividends not claimed within five years are subject to the statute of limitations. They then revert to the Public Treasury, pursuant to Article L. 1126-1 of the French General Public Property Code.

6.3 CHARACTERISTICS OF THE MUTUAL CERTIFICATES AND REMUNERATION POLICY

6.3.1 LEGAL REGIME FOR MUTUAL CERTIFICATES

The mutual certificates, governed by Articles L. 322-26-8 *et seq.* of the French Insurance Code, are perpetual instruments that contribute to the initial capital of the issuing mutual insurance companies (SAM). They may be issued by an SAM to its members, to the members or policyholders of companies of the Group to which the SAM belongs, or to other SAMs.

Mutual certificates are entitled to remuneration fixed annually at the General Meeting approving the financial statements. This remuneration is not guaranteed. Under the regulations, it depends on the result of the issuing SAM, and its amount is capped.

Mutual certificates may be redeemed only by their issuer and at their nominal value.

Lastly, mutual certificates do not confer any voting rights at the General Meeting of the issuing SAM. It is the status of member that gives a voting right, in keeping with the mutualist principle of “one person, one vote”.

The mutual certificate holder has no obligation to pay the corporate liabilities beyond the amount of the mutual certificates subscribed and only in case of liquidation of the issuing SAM.

6.3.2 CHARACTERISTICS OF THE MUTUAL CERTIFICATES ISSUED BY GROUPAMA ASSURANCES MUTUELLES

On the day of its conversion, Groupama Assurances Mutuelles issued 411,824,587 mutual certificates, contributing to the initial capital for a total of €3,617,878,996.80. These mutual certificates were distributed among the 13 member mutuals, based on the number of Groupama SA shares that they held at the time of conversion.

Their nominal value is €8.785.

6.3.3 REMUNERATION POLICY

Article R. 322-80-2 of the French Insurance Code sets the maximum share of the results of the last fiscal year closed and the previous fiscal years likely to be allocated annually to the remuneration of mutual certificates at 10% of the sum of the results of the last three closed fiscal years. However, if, by application of this rule, the mutual certificates cannot be remunerated although the result of the past closed fiscal year is positive, the maximum share of the results that can be allocated for the remuneration of certificates is equal to 25% of the result of the last closed fiscal year.

For the first year of remuneration of mutual certificates, a remuneration of €14 million will be proposed to the General Meeting, similar to the dividend paid in 2017 for fiscal year 2016.

6.4 CASH AND GROUP FINANCING

6.4.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents totalled €599 million at 31 December 2018, up €154 million compared with 31 December 2017.

The distribution of cash flows for fiscal year 2018 among the various business lines is as follows:

- operational business cash flows: €541 million;
- investment, financial, and other business cash flow: -€387 million;
- total: +€154 million.

6.4.2 ISSUER'S FINANCING STRUCTURE

On 17 September 2018, Groupama issued and placed subordinated instruments with a maturity of 10 years with institutional investors for a total of €500 million with an annual coupon of 3.375%.

This operation contributes to the active management of Groupama's capital. It aims to extend the maturity of its debt profile and strengthen the Group's financial flexibility.

The debt of Groupama Assurances Mutuelles totalled €1,633 million at the end of 2018.

Subordinated liabilities at 31 December 2018 totalled €1,633 million, €497 million higher than at 31 December 2017.

The Group's debt ratio is assessed at the combined scope level (ratio now calculated according to the method chosen by our rating agency) and was 28.4% at the end of 2018, compared with 25.9% at 31 December 2017.

	31.12.2018				31.12.2017			
(in millions of euros)	<1 year	1-5years	>5 years	Total	<1 year	1-5years	>5 years	Total
Subordinated debt of insurance companies			1,633	1,633			1,136	1,136
Financing debt represented by securities								
Financing debt with banking-sector companies								
TOTAL FINANCING DEBT			**1,633**	**1,633**			**1,136**	**1,136**

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

The first loan bond was issued by Groupama Assurances Mutuelles on 27 October 2009 in the form of redeemable subordinated instruments (TSR) for a nominal amount of €750 million. Following the swap completed in January 2017, the nominal value was reduced to €500 million.

This 30-year bond has a fixed annual rate of 7.875% for the first 10 years. After that date, the rate applied will be the three-month Euribor plus a margin of 5.36%.

It includes a "10-year call" that allows the issuer to redeem the bond early as from the tenth year.

At 31 December 2018, this issue was quoted at 105.5% compared with 113.7% at 31 December 2017.

The second bond was issued in the form of redeemable subordinated instruments (TSR) in January 2017 through a swap for a nominal amount of €650 million.

This 10-year bond has a fixed annual rate of 6% for 10 years.

At 31 December 2018, this issue was quoted at 111.2% compared with 126.3% at 31 December 2017.

The third bond corresponds to the new instrument issued in the form of redeemable subordinated instruments (TSR) in September 2018 for a nominal amount of €500 million.

This 10-year bond has a fixed annual rate of 3.375% for 10 years.

On 31 December 2018, this issue was trading at 92.3%.

In view of the conditions specific to these issues and pursuant to IAS 32 sections 16 and 17, these three 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.

In addition, under IFRS, one subordinated instrument is recorded in equity instruments and therefore does not appear in the tables above.

This is a bond issued by Groupama Assurances Mutuelles on 28 May 2014 in the form of an indefinite-term subordinated bond (TSDI) for a total nominal amount of €1.1 billion.

This instrument was issued at a fixed rate of 6.375% for the first 10 years and then at a variable rate equal to the 3-month Euribor rate plus a margin of 5.77%. This bond includes a "10-year call" that allows the issuer to redeem the bond early as from the tenth year.

On 31 December 2018, this TSDI was trading at 104.6%, compared with 120.5% on 31 December 2017.

6.4.3 EMPLOYMENT AND CASH

Interest expenses paid by the Group in 2018 amounted to €85 million (€88 million in 2017).

6.5 PROPERTY, PLANT AND EQUIPMENT

The headquarters of Groupama Assurances Mutuelles are located at 8-10, rue d'Astorg, 75008 Paris.

As an insurance group, Groupama holds significant property assets, managed primarily by Groupama Immobilier, for a total value of €3.1 billion. These assets are located primarily in Paris and the Greater Paris region.

Investment property and operating activities property are described in the Note 5 and Note 6 of the consolidated financial statements in this registration document.

6.6 ADMINISTRATIVE, JUDICIAL, OR ARBITRATION PROCEEDINGS

Over the past twelve months, the Company has not been subject to any governmental, judicial, or arbitration proceedings, including any pending or threatened proceedings known to the Company, which might have had, or has had over the last 12 months, significant effects on its financial situation or profitability, or that of the Group.

7

FINANCIAL STATEMENTS

Pursuant to Article 28 of Commission Regulation (EC) 809/2004 of 29 April 2004, the following information has been incorporated into this registration document by reference:

- *the consolidated financial statements of Groupama SA for the fiscal year ended 31 December 2017 and the corresponding statutory auditors' report appear on pages 180 to 293 and 294 to 298, respectively, of the registration document no D18-0403 filed with the AMF on 26 April 2018;*
- *the consolidated financial statements of Groupama SA for the fiscal year ended 31 December 2016 and the corresponding statutory auditors' report appear on pages 202 to 318 and 319 to 320, respectively, of the registration document no D17-0447 filed with the AMF on 27 April 2017.*

7.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

7.1.1 CONSOLIDATED BALANCE SHEET

Assets

(in millions of euros)		31.12.2018	31.12.2017
Goodwill	Note 2	1,900	1,907
Other intangible assets	Note 4	235	226
Intangible assets		**2,136**	**2,133**
Investment property excluding unit-linked items	Note 5	882	1,132
Unit-linked investment property	Note 8	110	118
Operating property	Note 6	368	378
Financial investments excluding unit-linked items	Note 7	68,053	69,382
Unit-linked financial investments	Note 8	8,935	9,212
Derivatives and separate embedded derivatives	Note 9	114	113
Insurance business investments		**78,462**	**80,335**
Funds used in banking sector activities and investments of other business activities	Note 10	**112**	**101**
Investments in related companies and joint ventures	Note 11	**485**	**493**
Share of outward reinsurers and retrocessionaires in liabilities relating to insurance and financial contracts	Note 12	**1,488**	**1,634**
Other property, plant and equipment	Note 13	183	171
Deferred acquisition costs	Note 14	168	137
Deferred profit-sharing assets			
Deferred tax assets	Note 15	39	36
Receivables arising from insurance and inward reinsurance operations	Note 16	2,070	1,899
Receivables from outward reinsurance operations	Note 17	171	183
Current tax receivables and other tax receivables	Note 18	289	251
Other receivables	Note 19	2,166	2,342
Other assets		**5,086**	**5,018**
Held-for-sale assets and discontinued business activities	Note 3	**150**	**447**
Cash and cash equivalents	Note 20	**587**	**483**
TOTAL		**88,506**	**90,645**

Liabilities

(in millions of euros)		31.12.2018	31.12.2017
Share capital or equivalent funds		3,618	2,088
Revaluation reserves		1,010	1,257
Perpetual subordinated instruments classified as equity		1,100	1,100
Other reserves		(234)	1,225
Foreign exchange adjustments		(538)	(500)
Consolidated income		319	87
Group's equity (Group share)		**5,274**	**5,257**
Non-controlling interests		52	54
Total group's equity	Note 21	**5,326**	**5,311**
Reserves for contingencies and charges	Note 22	**384**	**463**
Financing debt	Note 24	**1,633**	**1,136**
Technical liabilities relating to insurance policies	Note 25	**56,203**	**56,041**
Technical liabilities relating to financial contracts	Note 26	**12,744**	**13,854**
Deferred profit-sharing liabilities	Note 28	**3,804**	**5,014**
Resources from banking sector activities	Note 10	**7**	**10**
Deferred tax liabilities	Note 15	67	141
Debts to unit holders of consolidated mutual funds		118	245
Operating debts to banking sector companies	Note 20	11	57
Debts arising from insurance or inward reinsurance operations	Note 29	832	736
Debts arising from outward reinsurance operations	Note 30	374	427
Current taxes payable and other tax liabilities	Note 31	110	122
Derivative instrument liabilities	Note 9	601	659
Other debts	Note 32	6,292	6,071
Other liabilities		**8,406**	**8,459**
Liabilities of held-for-sale or discontinued businesses	Note 3		**357**
TOTAL		**88,506**	**90,645**

7.1.2 CONSOLIDATED INCOME STATEMENT

(in millions of euros)		31.12.2018	31.12.2017
Written premiums	Note 33	10,477	10,154
Change in unearned premiums		(75)	(41)
Earned premiums		**10,402**	**10,113**
Net banking income, net of cost of risk		**153**	**143**
Investment income		2,126	2,158
Investment expenses		(656)	(711)
Capital gains or losses from divestment of investments net of impairment and depreciation write-backs		431	384
Change in fair value of financial instruments recorded at fair value through income		(785)	657
Change in impairment on investments		(3)	(10)
Investment income net of expenses	Note 34	**1,112**	**2,479**
Total income from ordinary business activities		**11,667**	**12,735**
Insurance policy servicing expenses	Note 35	(8,119)	(9,855)
Income on outward reinsurance	Note 36	240	535
Expenses on outward reinsurance	Note 36	(622)	(636)
Net outward reinsurance income and expenses		**(8,501)**	**(9,956)**
Banking operating expenses		(104)	(99)
Policy acquisition costs	Note 38	(1,297)	(1,250)
Administrative costs	Note 39	(540)	(530)
Other current operating income and expenses	Note 40	(596)	(615)
Total other current income and expenses		**(11,038)**	**(12,451)**
Current operating income		**629**	**284**
Other non-current operating income and expenses	Note 41	(31)	(208)
Operating income		**598**	**76**
Financing expenses	Note 42	(85)	(88)
Share in income of related companies	Note 11	(56)	(30)
Corporate income tax	Note 43	(107)	(6)
Net income from continuing business activities		**351**	**(49)**
Net income from discontinued or held-for-sale business activities	Note 3	(20)	136
OVERALL NET INCOME		**330**	**87**
of which, non-controlling interests		12	
OF WHICH, NET INCOME (GROUP SHARE)		**319**	**87**

7.1.3 STATEMENT OF NET INCOME AND GAINS (LOSSES) RECOGNISED DIRECTLY IN GROUP'S EQUITY

	31.12.2018			31.12.2017		
(in millions of euros)	Group share	Non-controlling interests	Total	Group share	Non-controlling interests	Total
Net income for fiscal year	**319**	**12**	**330**	**87**		**87**
Gains and losses recognised directly in group's equity						
Items recyclable to income						
Change in foreign exchange adjustments	(38)		(38)	(46)		(46)
Change in gross unrealised capital gains and losses on available-for-sale assets	(1,643)	(8)	(1,651)	(712)	(2)	(714)
Revaluation of hedging derivatives				20		20
Change in shadow accounting	1,271	5	1,275	740	3	743
Change in deferred taxes	125	1	126	29		29
Other changes	(7)		(7)	(21)		(21)
Items not recyclable to income						
Restatement of net actuarial debt from pension commitments (defined-benefit schemes)	14		14	19		19
Change in deferred taxes	(5)		(5)	(6)		(6)
Other changes						
Total gains (losses) recognised directly in group's equity	**(284)**	**(2)**	**(286)**	**22**	**1**	**23**
NET INCOME AND GAINS (LOSSES) RECOGNISED IN GROUP'S EQUITY	**34**	**10**	**44**	**109**	**1**	**110**

The statement of net income and gains (losses) recognised directly in group's 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.

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7.1.4 CHANGE IN GROUP'S EQUITY

(in millions of euros)	Capital or equivalent funds	Result	Subordinated instruments	Consolidated reserves	Revaluation reserves	Foreign exchange adjustment	Share-holders' equity (Group share)	Share of non-controlling interests	Total group's equity
GROUP'S EQUITY AS OF 31.12.2016	**2,088**	**79**	**1,514**	**1,206**	**1,180**	**(454)**	**5,613**	**57**	**5,670**
Allocation of 2016 income		(79)		79					
Dividends [1]				(51)			(51)	(4)	(55)
Change in capital									
Business combinations									
Other			(414)				(414)		(414)
Impact of transactions with shareholders		**(79)**	**(414)**	**28**			**(465)**	**(4)**	**(469)**
Foreign exchange adjustments						(46)	(46)		(46)
Available-for-sale assets					(712)		(712)	(2)	(714)
Shadow accounting					740		740	3	743
Deferred taxes				(6)	29		23		23
Actuarial gains (losses) of post-employment benefits				19			19		19
Other				(21)	20		(1)		(1)
Net income for fiscal year		87					87		87
Total income (expenses) recognised over the period		**87**		**(9)**	**77**	**(46)**	**109**	**1**	**110**
Total changes over the period		**8**	**(414)**	**19**	**77**	**(46)**	**(356)**	**(3)**	**(359)**
GROUP'S EQUITY AS OF 31.12.2017	**2,088**	**87**	**1,100**	**1,225**	**1,257**	**(500)**	**5,257**	**54**	**5,311**
Allocation of 2017 income		(87)		87					
Dividends [1]				(60)			(60)	(5)	(65)
Change in capital [2]	1,530			(1,487)			42	(8)	35
Business combinations								1	1
Other									
Impact of transactions with shareholders	**1,530**	**(87)**		**(1,460)**			**(18)**	**(12)**	**(30)**
Foreign exchange adjustments						(38)	(38)		(38)
Available-for-sale assets					(1,643)		(1,643)	(8)	(1,651)
Shadow accounting					1,271		1,271	5	1,275
Deferred taxes				(5)	125		120	1	121
Actuarial gains (losses) of post-employment benefits				14			14		14
Other				(7)			(7)		(7)
Net income for fiscal year		319					319	12	330
Total income (expenses) recognised over the period		**319**		**2**	**(248)**	**(38)**	**34**	**10**	**44**
Total changes over the period	**1,530**	**231**		**(1,458)**	**(248)**	**(38)**	**17**	**(2)**	**14**
GROUP'S EQUITY AS OF 31.12.2018	**3,618**	**319**	**1,100**	**(234)**	**1,010**	**(538)**	**5,274**	**52**	**5,326**

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

(2) The change in capital is due to the conversion of Groupama SA into a mutual insurance company on 7 June 2018. This conversion is detailed in Note 21.

7.1.5 CASH FLOW STATEMENT

(in millions of euros)	
Cash and cash equivalents	483
Receivables from credit institutions for financial sector activities	19
Operating debts to banking sector companies	(57)
CASH AND CASH EQUIVALENTS AT 1 JANUARY 2018	**445**
Cash and cash equivalents	587
Receivables from credit institutions for financial sector activities	23
Operating debts to banking sector companies	(11)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2018	**599**

Receivables from credit institutions for financial sector activities are presented in Note 10.

The cash flow statement is presented according to the indirect method model and in accordance with the presentation recommended by the ANC (French accounting standards authority) in recommendation no 2013-R-05 of 7 November 2013.

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(in millions of euros)	31.12.2018	31.12.2017
Operating income before taxes	598	76
Capital gains (losses) on the sale of investments	(414)	(236)
Net allocations to amortisation and depreciation	145	142
Change in deferred acquisition costs	(38)	44
Change in impairment	(3)	(139)
Net allocations to technical liabilities related to insurance policies and financial contracts	(633)	856
Net allocations to other reserves	(68)	32
Change in fair value of financial instruments and investments recognised at fair value through income (excluding cash and cash equivalents)	785	(657)
Other non-cash items included in operating income	34	40
Correction of elements included in the operating income other than cash flows and reclassification of investment and financing flows	**(192)**	**81**
Change in operating receivables and payables	175	69
Change in banking operating receivables and payables	(9)	(7)
Change in repo and reverse-repo securities	91	61
Cash flows from other assets and liabilities	(18)	(16)
Net tax paid	(104)	(34)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**541**	**231**
Acquisitions/divestments of subsidiaries and joint ventures, net of cash acquired/transferred	52	753
Stakes in related companies acquired/divested	(58)	(64)
Cash flows due to changes in scope of consolidation	**(6)**	**689**
Net acquisitions of financial investments (including unit-linked investments) and derivatives	(1,057)	(961)
Net acquisitions of investment property	444	143
Net acquisitions and/or issues of investments and derivatives relating to other activities		
Other non-cash items	39	(29)
Cash flows from acquisitions and issues of investments	**(573)**	**(846)**
Net acquisitions of property, plant and equipment, intangible fixed assets and operating property	(182)	(171)
Cash flows from acquisitions and disposals of property, plant and equipment and intangible fixed assets	**(182)**	**(171)**
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	**(762)**	**(328)**
Membership fees		
Issue of capital instruments	43	
Redemption of equity instruments (2)	(8)	(414)
Transactions involving own shares		
Dividends paid (1)	(65)	(55)
Cash flows from transactions with shareholders and members	**(30)**	**(469)**
Cash allocated to financial debt (2)	495	386
Interest paid on financial debt	(85)	(88)
Cash flows from group financing	**410**	**298**
Financing cash flows from activities to be sold or discontinued		
NET CASH FLOWS FROM FINANCING ACTIVITIES	**380**	**(171)**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**445**	**621**
Net cash flows from operating activities	541	231
Net cash flows from investment activities	(762)	(328)
Net cash flows from financing activities	380	(171)
Cash flows from sold or discontinued assets and liabilities		98
Effect of foreign exchange changes on cash	(5)	(5)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**599**	**445**

(1) They correspond in particular to payment for subordinated securities classified in shareholders' equity under IFRS.
(2) Movements relating to financing activities are detailed in Notes 21.2 and 24.1.

7.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY

1 SIGNIFICANT EVENTS AND POST-BALANCE SHEET EVENTS

1.1 Significant events of fiscal year 2018

1.1.1 Financial strength

(a) Financial rating

On 29 October 2018, Fitch Ratings confirmed the "A-" Insurer Financial Strength (IFS) ratings of Groupama Assurances Mutuelles and its subsidiaries and the outlook "Positive". The agency had raised the outlook from "Stable" to "Positive" on 19 April 2018.

(b) Issue of subordinated instruments

On 17 September 2018, Groupama placed subordinated instruments with a maturity of 10 years with institutional investors for a total of €500 million with an annual coupon of 3.375%. The new instrument was a big success among institutional investors with an order book oversubscribed nearly three times. This operation contributes to the active management of Groupama's capital by taking advantage of market opportunities.

1.1.2 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 of 9 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, commonly known as 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.

1.1.3 Activities

(a) 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.

(b) Partnerships

On 9 February 2018, Groupama, the leading insurer of farmers, became one of the main partners of La Ferme Digitale, an association of start-ups aiming to promote innovation and digital to serve agriculture. With this partnership, Groupama continues to support the agriculture of today and tomorrow and takes a new step in its support for the thriving market of new technologies serving agriculture.

In March 2018, the Groupama group partnered with the fintech Sapiendo-Retraite, a recognised retirement expert in France, to enrich its digital retirement services offering.

In November 2018, Groupama and the Association des Petites Villes de France (APVF) formalised their partnership. Groupama's ambition is to supporting mayors and their municipalities as closely as possible for everyday management but also during times of crisis. In particular, Groupama has developed a website "Territoires-Groupama.fr" to put information and advice online, including on prevention.

At the end of December 2018, Orange and Groupama signed an agreement to create a joint venture called Protectline operating in the remote property monitoring sector. This company is 51% owned by Orange and 49% by Groupama. This partnership will enable Groupama to strengthen its existing activity in this sector and Orange to become a full player in this market, taking a new step in its multi-service operator strategy.

(c) Property

In October 2018, Groupama sold Window, the iconic La Défense building, to Oxford Properties group for €477 million.

On 17 December 2018, a memorandum of understanding for the sale of the 79 avenue des Champs Elysées building was signed between Groupama and the Norwegian sovereign wealth fund Norges Bank. The closing should take place by the end of 2019. The property is presented as an available-for-sale asset in the Group's accounts.

These sales materialise the value created by active property management and allow us to redeploy our investments.

(d) Socially responsible investment strategy

At the beginning of December 2018, the Groupama group reaffirmed its desire to support the ecological and energy transition to a less carbon-based economy. The Group no longer invests in and is gradually withdrawing from any company whose turnover or energy production mix is more than 30% based on coal. With regard to fossil fuels, the Group is committed to not investing in any company whose oil sands account for more than 15% of total reserves. In addition, the Group intends to invest €1 billion over three years in financing the energy transition. Through these strong commitments, which go beyond the regulatory obligations, Groupama reaffirms the timeless values that have defined its identity for more than 100 years – responsibility, solidarity, and engagement – and is part of the approach to allow as many people as possible to build their lives confidently.

1.2 Post-balance sheet events

None.

2 CONSOLIDATION PRINCIPLES, METHODS AND SCOPE

2.1 Explanatory note

Groupama Assurances Mutuelles is a National Agricultural Reinsurance Mutual, a special form of mutual insurance company, wholly owned 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 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, the central body of the Group 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 accounts of Groupama Assurances Mutuelles incorporate the reinsurance ceded by the regional mutuals as well as the activity of the subsidiaries.

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

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

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 agreement that links the regional mutuals to Groupama Assurances Mutuelles,
  - by a security and solidarity plan between all the regional mutuals and Groupama Assurances Mutuelles.

2.2 General presentation of the consolidated accounts

The consolidated financial statements as at 31 December 2018 were approved by the Board of Directors, which met on 14 March 2019.

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 as at 31 December 2018 as adopted by the European Union, the principal terms of which are applied by Groupama Assurances Mutuelles as described below.

The standards and interpretations with mandatory application for fiscal years opened on or after 1 January 2018 have been applied for the preparation of the Group's financial statements as at 31 December 2018. They have had no significant effect on the Group's financial statements as at 31 December 2018. The standards and interpretations concerned are the following:

- IFRS 15: revenue recognition;
- amendments to IFRS 2: classification and measurement of share-based payment transactions;
- amendments to IAS 40: transfer of investment property;
- IFRIC 22: Foreign currency transactions and advance consideration.

The Group has chosen to postpone 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, in particular, allows groups whose primary business is insurance to postpone the application of IFRS 9 at the latest until annual periods beginning on or after 1 January 2021. The Group meets the eligibility criterion defined in the amendment to postpone the application of IFRS 9 with a ratio of predominance of insurance business, corresponding to the percentage of the total consolidated accounting amount of liabilities related to insurance business in relation to the total consolidated carrying amount of all liabilities, greater than 90% at 31 December 2015. The consolidated total carrying amount of liabilities related to insurance consists of the carrying amount of liabilities arising from contracts within the scope of IFRS 4 and the carrying amount of liabilities related to insurance but not arising from contracts within the scope of IFRS 4. These liabilities related to insurance but not arising from contracts within the scope of IFRS 4, with a book value of €4,099 million at 31 December 2015, mainly consist of debt instruments eligible to cover regulatory capital requirements and derivatives used to mitigate risks arising from insurance contracts and the assets backing them.

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

The Group has chosen to opt for the temporary exemption from the rule on uniformity of accounting policies ordinarily required by IAS 28 and provided for in paragraph 20 O (b) of the amendment to IFRS 4 “Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts”. This amendment allows insurance groups that have elected to postpone the application of IFRS 9 and that account for related companies using the equity method to retain the financial statements prepared by these related companies for the purposes of preparing their consolidated financial statements.

IFRS 16 on leases, adopted in October 2017 by the European Union with an application date of 1 January 2019, was not applied early. An analysis is currently underway to assess its potential impact on the Group’s consolidated financial statements.

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. This work is performed in conjunction with the IFRS 9 impact assessment work and takes into account the IASB’s interim decision of November 2018 to postpone the effective date of both IFRS 17 and IFRS 9 by one year until 1 January 2022.

Decisions taken by the Group are based particularly on the summary of the work of January 2007 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.

All amounts on the consolidated balance sheet, the consolidated 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.

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

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

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

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

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

2.3 Consolidation principles

2.3.1 Scope and methods of consolidation

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

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

(a) Consolidating company

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

(b) Controlled entities

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

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

Full integration comprises:

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

(c) Related companies and joint ventures

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

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

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

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

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

(d) Deconsolidation

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

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

2.3.2 List of entities included in the scope of consolidation and changes

The list of entities included in the scope of consolidation of the Group's financial statements and the changes in this scope are described Note 48 to the financial statements.

2.3.3 Uniformity of accounting principles

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

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

2.3.4 Conversion of financial statements of foreign companies

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

Transactions in the income statement 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 Assurances Mutuelles

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 securities of consolidated companies and the Group's share in restated shareholders' equity as at the acquisition date. When not assigned to identifiable items in the balance sheet, goodwill is recorded in the balance sheet in a special asset item as an intangible asset.

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

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

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

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

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

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

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

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

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

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

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

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

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

- the sales price shown in a final sales agreement;
- the market value minus 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 at a specified strike price and at a future date (or period of time) if the minority holder exercises its right. This obligation is reflected in the financial statements by a debt valued at the strike price of this discounted right.

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

3.1.2 Other intangible assets

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

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

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

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

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

Start-up costs are expensed rather than capitalised.

3.2 Insurance activity investments

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

3.2.1 Financial assets

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

(a) Classification

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

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

(b) Reclassifications

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

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

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

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

(c) Initial recognition

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

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

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

Repurchase transactions are maintained as assets in the balance sheet.

(d) Fair value measurement methods

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

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

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

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

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

(e) Valuation rules

The valuation rules and any impairment must be interpreted in the light of the classification of the financial instrument in one of the four categories given above.

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

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

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

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

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

(f) Reserves for impairment

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

DEBT INSTRUMENTS CLASSIFIED AS AVAILABLE-FOR-SALE ASSETS

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

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

EQUITY INSTRUMENTS CLASSIFIED AS AVAILABLE-FOR-SALE ASSET

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

As at 31 December 2018, there is objective evidence of impairment in the following cases:

- the financial investment was already covered by a reserve at the previous published close; or
- a 50% discount is observed as at the closing date; or
- the financial investment has been in a continuous unrealised loss position with respect to its book value over the last 36 months prior to the closing date.

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

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

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

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

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

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

INVESTMENTS VALUED AT AMORTISED COST

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

(g) Derecognition

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

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

The gains and losses from divestment are recorded in 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.

(a) Initial recognition

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

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

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

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

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

(b) Valuation

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

Each component is identified by its duration and depreciation rate.

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

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

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

(c) Subsequent expenditure

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

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

(d) Reserves for impairment

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

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

(e) Derecognition

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

3.3.2 Hedging derivatives

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

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

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

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

3.3.3 Embedded derivatives

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

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

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

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

3.4 Investments in related companies and joint ventures

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

3.5 Non-current assets held for sale and discontinued activities

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

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

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

- it constitutes a line of business or a major, separate geographical area; or
- it is part of a single, coordinated plan for 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 business activities until the divestment 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 businesses.

3.6 Tangible fixed assets

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

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

The depreciation methods reflect the method of economic consumption.

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

3.7 Operating receivables and payables, other assets and other liabilities

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

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

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

3.8 Cash and cash equivalents

Cash corresponds to available cash.

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

3.9 Shareholders' equity

3.9.1 Revaluation reserves

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

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

3.9.2 Other reserves

Other reserves consist of the following items:

- retained earnings;
- group consolidation reserves;
- other regulated reserves;
- the impact of changes in accounting methods;
- equity instruments akin to deeply subordinated instruments (TSS) or perpetual subordinated bonds (TSDI) whose features allow recognition in shareholders' equity. Compensation for these securities is treated like a dividend on shareholders' equity.

3.9.3 Foreign exchange adjustments

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

3.9.4 Non-controlling interests

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

3.10 Reserves for contingencies and charges

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

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

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

3.10.1 Personnel benefit

Pension commitments

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

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

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

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

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

3.11 Financing debt

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

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

3.11.1 Initial recognition

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

3.11.2 Valuation rules

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

3.11.3 Derecognition

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

3.12 Technical operations

3.12.1 Classification and method of recognition

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

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

(a) Insurance policies

An insurance policy is a contract 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).

(b) Financial contracts

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

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

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

3.12.2 Insurance policies under IFRS 4

(a) Non-life insurance policies

PREMIUMS

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

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

INSURANCE POLICY SERVICING EXPENSES

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

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

TECHNICAL LIABILITIES RELATED TO NON-LIFE INSURANCE POLICIES

Reserves for unearned premiums

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

Reserves for unexpired risks

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

Outstanding claims reserves

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

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

Actuarial reserves for annuities

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

Reserve for increasing risks

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

DEFERRED ACQUISITION COSTS

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

(b) Life insurance policies and financial contracts with discretionary profit sharing

PREMIUMS

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

INSURANCE POLICY SERVICING EXPENSES

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

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

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

TECHNICAL LIABILITIES RELATED TO LIFE INSURANCE POLICIES AND FINANCIAL CONTRACTS WITH DISCRETIONARY PROFIT SHARING

Actuarial reserves

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

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

Profit-sharing reserve

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

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

The reserve for deferred profit sharing includes:

- the reserve for unconditional profit sharing, which is recognised when a difference is recorded between the bases for calculating future rights in the individual company accounts and the consolidated accounts;
- the reserve for conditional profit sharing, which relates to the difference in liabilities between the individual company and the consolidated accounts, the payment of which depends on a management decision or the occurrence of an event.

In the particular case of restatement in the consolidated accounts of the capitalisation reserve, a reserve for deferred profit sharing is determined when the Asset/Liability Management assumptions demonstrate a probable permanent write-back of the total capitalisation reserve. The Group recognised no deferred profit sharing on the restatement of the capitalisation reserve.

Application of shadow accounting

For participatory contracts, the Group has decided to apply shadow accounting, which is intended to pass on to the value of insurance liabilities, deferred acquisition costs and the intangible assets related to insurance policies, the effects of taking into account the unrealised gains and losses on financial assets valued at fair value. Deferred profit sharing is recognised through the revaluation reserve or the income statement, depending on whether these gains and losses have been recognised in the reserve or in the income statement.

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

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

Other technical reserves

Overall management expenses reserve

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

Deferred acquisition costs

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

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

(c) Liabilities adequacy test

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

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

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

(d) Unit-linked policies under IFRS 4

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

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

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

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

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

3.12.3 Financial contracts under IAS 39

Liabilities related to financial contracts without discretionary profit sharing must be recognised on the basis of the principle of deposit accounting. Thus the premiums collected and the benefits are booked in 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 earnings resulting from the management of investments, is amortised over the duration of this management and symmetrically with recognition of the corresponding profit.

3.12.4 Reinsurance operations

(a) Inward reinsurance

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

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

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

(b) Outward reinsurance

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

Securities from reinsurers (outward reinsurers and retrocessionaires) remitted as collateral are recorded in the statement of commitments given and received.

3.13 Taxes

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

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

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

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

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

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

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

3.14 Segment reporting

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

The Group is organised into three operational segments: insurance in France, international insurance, and banking and financial businesses. The banking and financial activity segment, which is also the subject of specific notes (Notes 10.1, 10.2, and 33.2), 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 Assurances Mutuelles 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

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Intangible assets	841	1,295	2,136	815	1,318	2,133
Insurance business investments	71,624	6,838	78,462	73,259	7,076	80,335
Funds used in banking sector activities and investments of other business activities	112		112	101		101
Investments in related companies and joint ventures	347	138	485	350	143	493
Share of outward reinsurers and retrocessionaires in liabilities relating to insurance and financial contracts	1,387	101	1,488	1,522	112	1,634
Other assets	4,253	833	5,086	4,235	783	5,018
Held-for-sale assets and discontinued business activities	150		150		447	447
Cash and cash equivalents	457	130	587	285	198	483
CONSOLIDATED TOTAL ASSETS	**79,171**	**9,335**	**88,506**	**80,568**	**10,077**	**90,645**
Reserves for contingencies and charges	310	73	384	384	80	463
Financing debt	1,633		1,633	1,136		1,136
Technical liabilities relating to insurance policies	51,567	4,636	56,203	51,287	4,754	56,041
Technical liabilities relating to financial contracts	10,852	1,892	12,744	12,017	1,837	13,854
Deferred profit-sharing liabilities	3,746	57	3,804	4,891	123	5,014
Resources from banking sector activities	7		7	10		10
Other liabilities	8,166	239	8,406	8,168	290	8,459
Liabilities of held-for-sale or discontinued businesses					357	357
TOTAL CONSOLIDATED LIABILITIES EXCLUDING GROUP'S EQUITY	**76,282**	**6,898**	**83,180**	**77,894**	**7,440**	**85,334**

Note 1.2 Segment reporting by business

	31.12.2018									
	France					International				
(in millions of euros)	Property and casualty insurance	Life and health insurance	Banking and finance business	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total	Total
Earned premiums	**3,426**	**4,596**			**8,023**	**1,620**	**759**		**2,379**	**10,402**
Net banking income, net of cost of risk			**153**		**153**					**153**
Investment income	142	1,785		(24)	1,903	100	121	3	223	2,126
Investment expenses	(40)	(567)		3	(603)	(35)	(18)		(53)	(656)
Capital gains or losses from divestment of investments net of impairment and depreciation write-backs	46	257		107	410	2	18		20	431
Change in fair value of financial instruments recorded at fair value through income	(6)	(741)		17	(730)	(2)	(54)		(55)	(785)
Change in impairment on investments				(3)	(3)				(1)	(3)
Total income from ordinary business activities	**3,569**	**5,331**	**153**	**100**	**9,153**	**1,685**	**825**	**3**	**2,514**	**11,667**
Insurance policy servicing expenses	(2,223)	(4,142)			(6,366)	(1,117)	(636)		(1,753)	(8,119)
Income on outward reinsurance	128	70			198	39	3		42	240
Expenses on outward reinsurance	(408)	(92)			(501)	(118)	(4)		(121)	(622)
Banking operating expenses			(104)		(104)					(104)
Policy acquisition costs	(487)	(367)			(854)	(339)	(104)		(443)	(1,297)
Administrative costs	(257)	(153)			(409)	(89)	(41)		(130)	(540)
Other current operating income and expenses	(135)	(272)	4	(119)	(523)	(63)	(9)	(1)	(73)	(596)
CURRENT OPERATING INCOME	**186**	**374**	**53**	**(19)**	**595**	**(2)**	**35**	**2**	**34**	**629**
Other operating income and expenses	(22)	(7)		22	(7)	(26)	2		(24)	(31)
OPERATING INCOME	**164**	**368**	**52**	**4**	**588**	**(28)**	**37**	**2**	**10**	**598**
Financing expenses				(85)	(85)					(85)
Share in income of related companies	(1)		(59)		(60)	5			5	(56)
Corporate income tax	(69)	(105)	(18)	85	(107)	5	(5)		0	(107)
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES	**94**	**262**	**(24)**	**4**	**336**	**(18)**	**31**	**2**	**15**	**351**
Net income from discontinued or held-for-sale business activities				(20)	(20)					(20)
TOTAL NET INCOME	**94**	**262**	**(24)**	**(17)**	**315**	**(18)**	**31**	**2**	**15**	**330**
of which, non-controlling interests	2	6		4	12					12
OF WHICH, NET INCOME (GROUP SHARE)	**93**	**256**	**(24)**	**(21)**	**304**	**(18)**	**31**	**2**	**15**	**319**

	31.12.2017									
	France					International				
(in millions of euros)	Property and casualty insurance	Life and health insurance	Banking and finance business	Holding	Total	Property and casualty insurance	Life and health insurance	Holding	Total	Total
Earned premiums	**3,382**	**4,251**			**7,633**	**1,652**	**828**		**2,480**	**10,113**
Net banking income, net of cost of risk			**143**		**143**					**143**
Investment income	126	1,787		13	1,926	100	130	3	233	2,158
Investment expenses	(38)	(621)		4	(655)	(40)	(16)		(56)	(711)
Capital gains or losses from divestment of investments net of impairment and depreciation write-backs	36	260		68	364	14	7		21	384
Change in fair value of financial instruments recorded at fair value through income	3	600		23	626	4	27		31	657
Change in impairment on investments	(1)	(9)		(1)	(10)					(10)
Total income from ordinary business activities	**3,508**	**6,268**	**143**	**107**	**10,026**	**1,729**	**977**	**3**	**2,709**	**12,735**
Insurance policy servicing expenses	(2,565)	(5,475)			(8,040)	(1,060)	(754)		(1,814)	(9,855)
Income on outward reinsurance	429	76			505	27	3		30	535
Expenses on outward reinsurance	(397)	(94)			(491)	(142)	(3)		(145)	(636)
Banking operating expenses			(99)		(99)					(99)
Policy acquisition costs	(472)	(342)			(814)	(328)	(109)		(437)	(1,250)
Administrative costs	(252)	(133)			(386)	(97)	(47)		(144)	(530)
Other current operating income and expenses	(145)	(279)	4	(121)	(541)	(63)	(8)	(3)	(74)	(615)
CURRENT OPERATING INCOME	**106**	**21**	**48**	**(14)**	**161**	**66**	**58**	**0**	**124**	**284**
Other operating income and expenses	(56)	(14)	(1)	(57)	(129)	(61)	(18)		(79)	(208)
OPERATING INCOME	**50**	**6**	**46**	**(71)**	**31**	**5**	**41**	**0**	**45**	**76**
Financing expenses				(88)	(88)					(88)
Share in income of related companies	(2)		(35)		(37)	7			7	(30)
Corporate income tax	(35)	4	(15)	62	16	(11)	(11)		(23)	(6)
NET INCOME FROM CONTINUING BUSINESS ACTIVITIES	**13**	**10**	**(3)**	**(97)**	**(78)**	**0**	**29**	**0**	**29**	**(49)**
Net income from discontinued or held-for-sale business activities		17		108	125	11			12	136
OVERALL NET INCOME	**13**	**27**	**(3)**	**11**	**47**	**11**	**30**	**0**	**41**	**87**
of which, non-controlling interests		2		(2)						
OF WHICH, NET INCOME (GROUP SHARE)	**12**	**25**	**(3)**	**13**	**47**	**11**	**29**	**0**	**41**	**87**

NOTE 2 GOODWILL

Note 2.1 Goodwill

	31.12.2018				31.12.2017
(in millions of euros)	Gross value	Impairment	Foreign exchange adjustment	Net value	Net value
OPENING VALUE	**2,901**	**(697)**	**(297)**	**1,907**	**1,975**
Newly consolidated entities					
Eliminations from the scope of consolidation					**0**
France					
Central and Eastern European countries			(7)	(7)	(3)
Turkey					(65)
United Kingdom					
Other changes during the fiscal year			**(7)**	**(7)**	**(68)**
CLOSING VALUE	**2,901**	**(697)**	**(304)**	**1,900**	**1,907**

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 in the balance sheet correspond to exchange-rate differences.

Impairment test

Goodwill is tested for impairment at least once a year. This test is carried out at the level of the cash-generating unit.

As for those insurance entities acquired during the fiscal year where no index on loss in value exists, no impairment test is carried out. Nevertheless, an internal audit is conducted on a simplified basis so as to link in to the purchase price.

Each cash-generating unit provides its underwriting income forecasts calculated based on an estimated increase in premium income and a target combined ratio for the plan period. These assumptions are adapted on the basis of past experience and external constraints imposed by the local market (competition, regulation, market shares, etc.). Financial assumptions (discount rate and yield rate) are fixed by the Group and used to determine the financial income forecasts and discounted cash flows.

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

As a general rule, the flows used correspond to:

- an explicit period based on the Group's operational strategy planning in the early years. This is subject to a 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 II Directive for subsidiaries whose country is subject to this regulation.

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

The discount rates are set based on risk-free rates for each country, plus a risk premium specific to the insurance business itself. For the eurozone, the discount rate is 7.5%.

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

Overall, the discount rates were maintained at their levels of the previous year, with identical target rates (8% for the Greek subsidiary, 10% for the Romanian subsidiary, and 9% for the Hungarian and Bulgarian subsidiaries).

The growth rate applied for valuation after the explicit period depends on market maturity. It is based on indicators resulting from strategic studies. The rates used for Western and Southern European mature markets are within the 1% to 3% bracket. In the emerging markets with a low insurance penetration level this rate may be up to 5%.

Ex-post comparative analyses of business plan data and actual data for the main income statement totals (combined ratio, underwriting income etc.) have been carried out and have not had any impact on the impairment tests.

Sensitivity tests have been carried out on the value in use applied, with the following change assumptions:

- rise of 100 basis points in the discount rate; and
- decline of 50 basis points in the long-term rate of growth.

For the goodwill of the CGU in countries of Central and Eastern Europe, a combined increase of 100 basis points in the discount rate and yield rate would lead to excess hedging of €187 million (while a lowering by 100 basis points would result in excess hedging of €333 million). On this same CGU, the sensitivity test on the long-term growth rate would result in excess hedging of €217 million if it falls by 50 basis points (the excess would be €282 million with an increase of 50 basis points).

For the goodwill of the CGU of the Greek subsidiary, Groupama Phoenix, an increase of 100 basis points in the discount rate would lead to a test at breakeven (while a lowering of the discount rate by 100 basis points would result in a surplus of €62 million). The sensitivity test on a decrease in the long-term growth rate of 50 basis points would result in surplus hedging of €20 million (the surplus would be €33 million with a favourable change of 50 basis points).

On the cash-generating unit of the French subsidiary Gan Assurances, the sensitivity test on an increase of 100 basis points in the discount rate would lead to a shortfall of €56 million, while a decrease of 100 points would lead to a surplus of €213 million. The test on a decrease in the long-term growth rate of 50 basis points would result in a surplus of €29 million, while an increase of 50 basis points would result in a surplus of €88 million.

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

Note 2.2 Goodwill – Broken down by cash-generating unit

	31.12.2018			
(in millions of euros)	Gross value	Impairment	Foreign exchange adjustment	Net value
Countries of Central and Eastern Europe	1,031	(502)	(189)	340
Italy	781			781
Turkey	262	(147)	(115)	0
Greece	131	(48)		83
Total International	**2,205**	**(697)**	**(304)**	**1,204**
Groupama Gan Vie	470			470
Gan Assurances	196			196
Financial businesses, property and other insurance companies	30			30
Total France and Overseas	**696**			**696**
CLOSING VALUE	**2,901**	**(697)**	**(304)**	**1,900**

	31.12.2017			
(in millions of euros)	Gross value	Impairment	Foreign exchange adjustment	Net value
Countries of Central and Eastern Europe	1,031	(502)	(182)	347
Italy	781			781
Turkey	262	(147)	(115)	0
Greece	131	(48)		83
Total International	**2,205**	**(697)**	**(297)**	**1,211**
Groupama Gan Vie	470			470
Gan Assurances	196			196
Financial businesses, property and other insurance companies	30			30
Total France and Overseas	**696**			**696**
CLOSING VALUE	**2,901**	**(697)**	**(297)**	**1,907**

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 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;
- Turkey: €88 million in 2016 and €58 million in 2017.

NOTE 3 HELD-FOR-SALE OR DISCONTINUED BUSINESS ACTIVITIES

Note 3.1 Income from discontinued business activities

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 a writeback of contingent liabilities of €18 million.

Note 3.2 Held-for-sale or discontinued business activities

On 17 December 2018, the Group signed a memorandum of understanding for the sale of the 79 avenue des Champs Elysées building with the Norwegian sovereign wealth fund Norges Bank. Groupama therefore reclassified this asset to "held-for-sale assets" for €150 million.

NOTE 4 OTHER INTANGIBLE ASSETS

	31.12.2018			31.12.2017		
(in millions of euros)	Intangible assets related to insurance business	Other intangible assets	Total	Intangible assets related to insurance business	Other intangible assets	Total
Opening gross value	**452**	**1,211**	**1,663**	**466**	**1,158**	**1,625**
Increase	1	113	114		102	102
Decrease	(2)	(40)	(42)	(1)	(33)	(34)
Foreign exchange adjustments	(16)	(3)	(20)	(13)	(2)	(15)
Change in scope of consolidation					(15)	(15)
Closing gross value	**435**	**1,280**	**1,715**	**452**	**1,211**	**1,663**
Opening cumulative amortisation & impairment	**(251)**	**(1,062)**	**(1,312)**	**(247)**	**(1,019)**	**(1,266)**
Increase	(16)	(60)	(76)	(16)	(63)	(79)
Decrease		12	12	1	5	6
Foreign exchange adjustments	13	3	16	11	1	12
Change in scope of consolidation					15	15
Closing cumulative amortisation & impairment	**(253)**	**(1,107)**	**(1,359)**	**(251)**	**(1,062)**	**(1,312)**
Opening cumulative long-term impairment	**(123)**	**(1)**	**(124)**	**(126)**	**(1)**	**(126)**
Long-term impairment recognised						
Long-term impairment write-backs	1		1			
Foreign exchange adjustments	3		3	3		3
Change in scope of consolidation						
Closing cumulative long-term impairment	**(119)**	**(1)**	**(121)**	**(123)**	**(1)**	**(124)**
OPENING NET VALUE	**78**	**148**	**227**	**94**	**138**	**232**
CLOSING NET VALUE	**63**	**172**	**235**	**78**	**148**	**227**

The Group's intangible assets can be split into two groups:

- intangible assets related to the insurance business activity;
- other intangible assets.

Intangible assets related to insurance business

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

Other intangible assets

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

Note 4.1 Other intangible assets – By operating segment

	31.12.2018						31.12.2017	
	Intangible assets related to insurance business		Other intangible assets		Total		Total	
(in millions of euros)	France	International	France	International	France	International	France	International
Closing gross value		**435**	**1,110**	**170**	**1,110**	**605**	**1,053**	**610**
Closing cumulative amortisation & impairment		(253)	(965)	(143)	(965)	(395)	(933)	(380)
Closing cumulative long-term impairment		(119)		(1)		(120)	(1)	(123)
Amortisation and reserves		**(372)**	**(965)**	**(143)**	**(965)**	**(516)**	**(934)**	**(503)**
NET BOOK VALUE		**63**	**145**	**27**	**145**	**90**	**119**	**107**

NOTE 5 INVESTMENT PROPERTY EXCLUDING UNIT-LINKED INVESTMENTS

	31.12.2018			31.12.2017		
(in millions of euros)	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	**1,284**	**52**	**1,336**	**1,225**	**56**	**1,281**
Acquisitions	28	2	30	46	4	49
Change in scope of consolidation				(4)		(4)
Subsequent expenditure						
Assets capitalised in the year	170		170	172		172
Transfer from/to unit-linked property						
Transfer from/to operating property				30		30
Foreign exchange adjustments						
Outward reinsurance	(321)	(3)	(324)	(184)	(8)	(192)
Other	(153)		(153)			
Closing gross value	**1,009**	**51**	**1,060**	**1,284**	**52**	**1,336**
Opening cumulative amortisation & impairment	**(186)**		**(186)**	**(193)**		**(193)**
Increase	(19)		(19)	(22)		(22)
Change in scope of consolidation				4		4
Transfer from/to unit-linked property						
Transfer from/to operating property				(11)		(11)
Decrease	36		36	35		35
Other	1		1			
Closing cumulative amortisation & impairment	**(169)**		**(169)**	**(186)**		**(186)**
Opening cumulative long-term impairment	**(19)**		**(19)**	**(20)**		**(20)**
Long-term impairment recognised						
Change in scope of consolidation						
Transfer from/to operating property						
Long-term impairment write-backs	9		9	2		2
Closing cumulative long-term impairment	**(9)**		**(10)**	**(19)**		**(19)**
Opening net value	**1,080**	**52**	**1,132**	**1,012**	**56**	**1,068**
Closing net value	**831**	**51**	**882**	**1,080**	**52**	**1,132**
Closing fair value of investment property	**2,327**	**136**	**2,463**	**2,974**	**121**	**3,095**
UNREALISED CAPITAL GAINS/LOSSES	**1,496**	**85**	**1,581**	**1,894**	**69**	**1,964**

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 6), amounted to €507 million as at 31 December 2018 (net of profit sharing and tax), compared with €610 million as at 31 December 2017.

In accordance with IFRS 5, a building in Paris has been reclassified to “held-for-sale assets” for €150 million.

The major restructurings currently underway in various Paris buildings explain 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 €2,393 million and Level 3 for €70 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 5.1 Investment property – by operating segment

	31.12.2018						31.12.2017					
	Property			SCI units			Property			SCI units		
(in millions of euros)	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Gross value	994	15	1,009	51		51	1,253	31	1,284	52		52
Cumulative amortisation & impairment	(165)	(4)	(169)				(181)	(5)	(186)			
Long-term impairment	(8)	(2)	(9)				(10)	(9)	(19)			
Closing net value	**821**	**10**	**831**	**51**		**51**	**1,062**	**18**	**1,080**	**52**		**52**
Closing fair value of investment property	**2,303**	**25**	**2,327**	**136**		**136**	**2,941**	**33**	**2,974**	**121**		**121**
UNREALISED CAPITAL GAINS/LOSSES	**1,481**	**15**	**1,496**	**85**		**85**	**1,879**	**15**	**1,894**	**69**		**69**

NOTE 6 OPERATING PROPERTY

	31.12.2018			31.12.2017		
(in millions of euros)	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	**555**	**10**	**565**	**581**	**10**	**591**
Acquisitions	3		3	2		2
Change in scope of consolidation						
Assets capitalised in the year	10		10	5		5
Transfer from/to investment property				(30)		(30)
Foreign exchange adjustments	(1)		(1)	(1)		(1)
Outward reinsurance	(2)		(2)	(1)		(1)
Other						
Closing gross value	**566**	**10**	**576**	**555**	**10**	**565**
Opening cumulative amortisation & impairment	**(102)**		**(102)**	**(104)**		**(104)**
Increase	(12)		(12)	(12)		(12)
Change in scope of consolidation						
Transfer from/to investment property				11		11
Decrease	4		4	3		3
Other						
Closing cumulative amortisation & impairment	**(109)**		**(109)**	**(102)**		**(102)**
Opening cumulative long-term impairment	**(85)**		**(85)**	**(69)**		**(69)**
Long-term impairment recognised	(13)		(13)	(17)		(17)
Change in scope of consolidation						
Transfer from/to investment property						
Long-term impairment write-backs						
Closing cumulative long-term impairment	**(99)**		**(99)**	**(85)**		**(85)**
Opening net value	**368**	**10**	**378**	**408**	**10**	**418**
Closing net value	**358**	**10**	**368**	**368**	**10**	**378**
Closing fair value of operating property	**589**	**16**	**605**	**570**	**17**	**587**
UNREALISED CAPITAL GAINS/LOSSES	**231**	**6**	**237**	**201**	**7**	**208**

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

Note 6.1 Operating property – by operating segment

	31.12.2018						31.12.2017					
	Property			SCI units			Property			SCI units		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	457	109	566	10		10	445	110	555	10		10
Cumulative amortisation & impairment	(94)	(15)	(109)				(88)	(14)	(102)			
Long-term impairment	(94)	(5)	(99)				(81)	(5)	(85)			
Closing net value	**269**	**89**	**358**	**10**		**10**	**277**	**91**	**368**	**10**		**10**
Closing fair value of operating property	**499**	**89**	**589**	**16**		**16**	**481**	**89**	**570**	**17**		**17**
UNREALISED CAPITAL GAINS/LOSSES	**231**	**0**	**231**	**6**		**6**	**204**	**(3)**	**201**	**7**		**7**

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NOTE 7 FINANCIAL INVESTMENTS (EXCLUDING UNIT-LINKED ITEMS)

	31.12.2018	31.12.2017
(in millions of euros)	Net value	Net value
Assets valued at fair value	66,824	68,216
Assets valued at amortised cost	1,229	1,166
TOTAL FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS	**68,053**	**69,382**

The bond security repurchase agreement activity was €4,526 million versus €4,518 million at 31 December 2017. The cash from these repurchase agreements is invested in specific funds held directly.

Note 7.1 Investments valued at fair value – by operating segment

	31.12.2018								
	Net amortised cost			Fair value [1]			Bonds issued by EU Member States		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	1,923	286	2,210	2,389	302	2,690	465	15	481
Bonds and other fixed-income investments	41,794	4,734	46,528	46,578	4,931	51,509	4,785	196	4,981
Other investments									
Total available-for-sale assets	**43,717**	**5,021**	**48,738**	**48,967**	**5,232**	**54,199**	**5,250**	**211**	**5,462**
Trading assets									
Equities and other variable-income investments classified as "trading"	30		30	30		30			
Equities and other variable-income investments classified as "held for trading"	325	1	326	325	1	326			
Bonds and other fixed-income investments classified as "trading"	2		3	2		3			
Bonds and other fixed-income investments classified as "held for trading"	4,058	186	4,244	4,058	186	4,244			
Cash mutual funds classified as "trading"	5,416	13	5,430	5,416	13	5,430			
Cash mutual funds classified as "held for trading"	2,549	44	2,593	2,549	44	2,593			
Other investments classified as "trading"									
Other investments classified as "held for trading"									
Total trading assets	**12,380**	**245**	**12,625**	**12,380**	**245**	**12,625**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**56,097**	**5,266**	**61,363**	**61,348**	**5,477**	**66,824**	**5,250**	**211**	**5,462**

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

	31.12.2017								
	Net amortised cost			Fair value [1]			Bonds issued by EU Member States		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	1,903	320	2,223	2,524	324	2,848	621	4	625
Bonds and other fixed-income investments	41,302	4,252	45,554	47,386	4,656	52,042	6,084	404	6,488
Other investments									
Total available-for-sale assets	**43,205**	**4,572**	**47,777**	**49,910**	**4,981**	**54,890**	**6,705**	**408**	**7,113**
Trading assets									
Equities and other variable-income investments classified as "trading"	19		19	19		19			
Equities and other variable-income investments classified as "held for trading"	374	199	573	374	199	573			
Bonds and other fixed-income investments classified as "trading"	92	1	93	92	1	93			
Bonds and other fixed-income investments classified as "held for trading"	4,344	273	4,617	4,344	273	4,617			
Cash mutual funds classified as "trading"	5,441	40	5,481	5,441	40	5,481			
Cash mutual funds classified as "held for trading"	2,402	141	2,543	2,402	141	2,543			
Other investments classified as "trading"									
Other investments classified as "held for trading"									
Total trading assets	**12,672**	**653**	**13,326**	**12,672**	**653**	**13,326**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**55,877**	**5,225**	**61,103**	**62,582**	**5,634**	**68,216**	**6,705**	**408**	**7,113**

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

Note 7.2 Investments valued at fair value – by type

	31.12.2018								
	Net amortised cost			Fair value [1]			Bonds issued by EU Member States		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	1,923	286	2,210	2,389	302	2,690	465	15	481
Assets classified as “trading”	30		30	30		30			
Assets classified as “held for trading”	325	1	326	325	1	326			
Total equities and other variable-income investments	**2,278**	**288**	**2,566**	**2,743**	**303**	**3,046**	**465**	**15**	**481**
Bonds and other fixed-income investments									
Available-for-sale assets	41,794	4,734	46,528	46,578	4,931	51,509	4,785	196	4,981
Assets classified as “trading”	2		3	2		3			
Assets classified as “held for trading”	4,058	186	4,244	4,058	186	4,244			
Total bonds and other fixed-income investments	**45,853**	**4,921**	**50,774**	**50,638**	**5,117**	**55,755**	**4,785**	**196**	**4,981**
Cash mutual funds									
Assets classified as “trading”	5,416	13	5,430	5,416	13	5,430			
Assets classified as “held for trading”	2,549	44	2,593	2,549	44	2,593			
Total cash mutual funds	**7,966**	**57**	**8,023**	**7,966**	**57**	**8,023**			
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	**56,097**	**5,266**	**61,363**	**61,348**	**5,477**	**66,824**	**5,250**	**211**	**5,462**

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

	31.12.2017								
	Net amortised cost			Fair value (1)			Bonds issued by EU Member States		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	1,903	320	2,223	2,524	324	2,848	621	4	625
Assets classified as "trading"	19		19	19		19			
Assets classified as "held for trading"	374	199	573	374	199	573			
Total equities and other variable-income investments	**2,296**	**519**	**2,815**	**2,917**	**523**	**3,440**	**621**	**4**	**625**
Bonds and other fixed-income investments									
Available-for-sale assets	41,302	4,252	45,554	47,386	4,656	52,042	6,084	404	6,488
Assets classified as "trading"	92	1	93	92	1	93			
Assets classified as "held for trading"	4,344	273	4,617	4,344	273	4,617			
Total bonds and other fixed-income investments	**45,738**	**4,526**	**50,264**	**51,822**	**4,930**	**56,752**	**6,084**	**404**	**6,488**
Cash mutual funds									
Assets classified as "trading"	5,441	40	5,481	5,441	40	5,481			
Assets classified as "held for trading"	2,402	141	2,543	2,402	141	2,543			
Total cash mutual funds	**7,843**	**181**	**8,024**	**7,843**	**181**	**8,024**			
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	**55,877**	**5,226**	**61,103**	**62,582**	**5,634**	**68,216**	**6,705**	**408**	**7,113**

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

Note 7.3 Investments valued at amortised cost in net value

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Loans	68	57	125	82	59	141
Deposits	799	237	1,036	598	252	850
Other	68		68	175		175
TOTAL FINANCIAL INVESTMENT VALUED AT AMORTISED COST	**935**	**294**	**1,229**	**855**	**311**	**1,166**

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Note 7.4 Reserves for impairment of investments

	31.12.2018			31.12.2017		
(in millions of euros)	Gross	Reserves	Net	Gross	Reserves	Net
Available-for-sale assets						
Equities and other variable-income investments	2,458	(248)	2,210	2,475	(252)	2,223
Bonds and other fixed-income investments	46,531	(3)	46,528	45,557	(3)	45,554
Other investments						
TOTAL AVAILABLE-FOR-SALE ASSETS	**48,988**	**(250)**	**48,738**	**48,032**	**(255)**	**47,777**
Financial investments valued at amortised cost	1,230	(1)	1,229	1,168	(2)	1,166
FINANCIAL INVESTMENTS VALUED AT AMORTISED COST	**1,230**	**(1)**	**1,229**	**1,168**	**(2)**	**1,166**

Total long-term impairment reserves for investments valued at fair value were €250 million, compared with €255 million as at 31 December 2017.

Regarding equities, a reserve of €121 million was established for strategic securities.

The amount of reserves for long-term impairment on investments valued at amortised cost is €1 million.

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

Note 7.5 Financial investments – by currency

	31.12.2018				
(in millions of euros)	Euro	Dollar	Pound	Other	Total
Available-for-sale assets					
Equities and other variable-income investments	1,771	355	6	558	2,690
Bonds and other fixed-income investments	50,762	31	227	489	51,509
Other investments					
Total available-for-sale assets	**52,533**	**386**	**233**	**1,047**	**54,199**
Trading assets					
Equities and other variable-income investments classified as "trading"	30				30
Equities and other variable-income investments classified as "held for trading"	326				326
Bonds and other fixed-income investments classified as "trading"	3				3
Bonds and other fixed-income investments classified as "held for trading"	4,237			6	4,244
Cash mutual funds classified as "trading"	5,414	16			5,430
Cash mutual funds classified as "held for trading"	2,593				2,593
Other investments classified as "trading"					
Other investments classified as "held for trading"					
Total trading assets	**12,603**	**16**		**6**	**12,625**
Loans and receivables					
Loans	122			3	125
Deposits	807	1		228	1,036
Other investments	58	10			68
Total loans and receivables	**987**	**11**		**232**	**1,229**
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND UNIT-LINKED ITEMS)	**66,123**	**413**	**233**	**1,285**	**68,053**

The above figures do not include the hedging for foreign exchange risk established (forward currency sales or currency swaps).

	31.12.2017				
(in millions of euros)	Euro	Dollar	Pound	Other	Total
Available-for-sale assets					
Equities and other variable-income investments	2,053	218	8	569	2,848
Bonds and other fixed-income investments	51,269	31	245	498	52,042
Other investments					
Total available-for-sale assets	**53,321**	**249**	**253**	**1,067**	**54,890**
Trading assets					
Equities and other variable-income investments classified as “trading”	19				19
Equities and other variable-income investments classified as “held for trading”	573				573
Bonds and other fixed-income investments classified as “trading”	92				93
Bonds and other fixed-income investments classified as “held for trading”	4,611			6	4,617
Cash mutual funds classified as “trading”	5,436	45			5,481
Cash mutual funds classified as “held for trading”	2,543				2,543
Other investments classified as “trading”					
Other investments classified as “held for trading”					
Total trading assets	**13,274**	**45**		**6**	**13,326**
Loans and receivables					
Loans	138			3	141
Deposits	598	3	21	229	850
Other investments	166	10			175
Total loans and receivables	**902**	**12**	**21**	**231**	**1,166**
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND UNIT-LINKED ITEMS)	**67,498**	**306**	**273**	**1,305**	**69,382**

The above figures do not include the hedging for foreign exchange risk established (forward currency sales or currency swaps).

Note 7.6 Breakdown of listed investments

(in millions of euros)	31.12.2018	31.12.2017
Equities	1,428	1,545
Shares in fixed-income mutual funds	5,521	5,920
Shares in other mutual funds	1,335	1,661
Cash mutual funds	8,023	8,024
Bonds and other fixed-income securities	50,093	50,683
TOTAL LISTED INVESTMENTS	**66,399**	**67,833**

As at 31 December 2018, total long-term reserves for listed investments valued at fair value were €208 million, compared with €216 million as at 31 December 2017.

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Note 7.7 Breakdown of unlisted investments

(in millions of euros)	31.12.2018	31.12.2017
Equities at fair value	283	233
Bonds and other fixed-income securities at fair value	142	150
Other investments at fair value		
Loans at amortised cost	125	141
Other investments at amortised cost	1,104	1,025
TOTAL UNLISTED INVESTMENTS	**1,654**	**1,549**

As at 31 December 2018, total long-term reserves for listed investments valued at fair value were €42 million, compared with €39 million as at 31 December 2017.

Note 7.8 Breakdown of the bond portfolio

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

Note 7.8.1 Bond portfolio – by rate

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

	31.12.2018			31.12.2017		
(in millions of euros)	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
Available-for-sale	47,803	1,450	49,253	48,673	1,265	49,938
Classified as "trading"						
Classified as "held for trading"	815	25	840	679	65	744
Total listed bonds	**48,618**	**1,475**	**50,093**	**49,352**	**1,331**	**50,683**
Unlisted bonds						
Available-for-sale	89	24	113	96	25	120
Classified as "trading"						
Classified as "held for trading"	5	23	29	6	24	29
Total unlisted bonds	**94**	**47**	**142**	**101**	**48**	**150**
TOTAL BOND PORTFOLIO	**48,713**	**1,522**	**50,235**	**49,453**	**1,380**	**50,832**

Note 7.8.2 Bond portfolio – by maturity

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

(in millions of euros)	31.12.2018				31.12.2017			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Listed bonds								
Available-for-sale	2,252	14,376	32,625	49,253	2,293	12,206	35,439	49,938
Classified as "trading"								
Classified as "held for trading"	16	373	451	840	87	339	319	744
Total listed bonds	**2,268**	**14,749**	**33,076**	**50,093**	**2,380**	**12,544**	**35,758**	**50,683**
Unlisted bonds								
Available-for-sale		10	103	113		10	111	120
Classified as "trading"								
Classified as "held for trading"	1	28		29	1	28		29
Total unlisted bonds	**1**	**38**	**104**	**142**	**1**	**37**	**111**	**150**
TOTAL BOND PORTFOLIO	**2,269**	**14,786**	**33,179**	**50,235**	**2,381**	**12,582**	**35,869**	**50,832**

The distribution of the bond portfolio thus shows that the types of investments favoured by the Group are primarily long-term bonds (over 5 years) with fixed rates.

Note 7.8.3 Bond portfolio – by rating

(in millions of euros)	31.12.2018						
	AAA	AA	C	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	2,832	23,917	9,557	12,527	136	284	49,253
Classified as "trading"							
Classified as "held for trading"	50	45	724	20		1	840
Total listed bonds	**2,882**	**23,963**	**10,281**	**12,547**	**136**	**285**	**50,093**
Unlisted bonds							
Available-for-sale		7	10	96			113
Classified as "trading"							
Classified as "held for trading"			23			5	29
Total unlisted bonds		**7**	**33**	**96**		**5**	**142**
TOTAL BOND PORTFOLIO	**2,882**	**23,970**	**10,314**	**12,644**	**136**	**290**	**50,235**

	31.12.2017						
(in millions of euros)	**AAA**	**AA**	**C**	**BBB**	**<BBB**	**Not rated**	**Total**
Listed bonds							
Available-for-sale	2,352	23,351	6,949	16,673	173	440	49,938
Classified as "trading"							
Classified as "held for trading"	51	48	622	21		2	744
Total listed bonds	**2,403**	**23,399**	**7,571**	**16,695**	**173**	**442**	**50,683**
Unlisted bonds							
Available-for-sale		7	10	103			120
Classified as "trading"							
Classified as "held for trading"			24			6	29
Total unlisted bonds		**7**	**34**	**103**		**6**	**150**
TOTAL BOND PORTFOLIO	**2,403**	**23,406**	**7,605**	**16,798**	**173**	**447**	**50,832**

Note 7.8.4 Bond portfolio – by type of issuer

(in millions of euros)	**31.12.2018**	**31.12.2017**
Bonds issued by EU Member States	31,680	32,365
Bonds issued by States outside the EU	212	178
Bonds from public and semi-public sectors	3,245	3,410
Corporate bonds	15,005	14,872
Other bonds (including bond funds)	93	7
TOTAL BOND PORTFOLIO	**50,235**	**50,832**

Note 7.9 Debt securities of peripheral countries of the eurozone

Note 7.9.1 Sovereign debt securities of peripheral countries of the eurozone

	31.12.2018					
(in millions of euros)	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit sharing
Spain	2,152		2,152	2,797	645	76
Greece						
Ireland	9		9	10	1	
Italy	7,076		7,076	8,008	932	144
Portugal	12		12	12	0	
TOTAL	**9,249**		**9,249**	**10,827**	**1,578**	**220**

	31.12.2017					
(in millions of euros)	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit sharing
Spain	2,152		2,152	2,803	650	73
Greece						
Ireland	16		16	18	1	
Italy	7,044		7,044	8,556	1,512	228
Portugal	233		233	289	56	6
TOTAL	**9,446**		**9,446**	**11,665**	**2,220**	**308**

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 €220 million (net of taxes and profit sharing).

All sovereign debt securities of peripheral eurozone countries are classed as Level 1 in accordance with IFRS 13 on fair value measurement; these securities are listed on an active market, and their prices can be easily and regularly obtained.

The Group has largely divested itself of its exposure to Portuguese sovereign debt.

In addition, the exposure level on Hungary is approximately €294 million, exclusively held by the Hungarian subsidiary.

The sovereign debt securities of the peripheral eurozone countries have the following maturities:

	31.12.2018				
(in millions of euros)	< 3 years	3 to 7 years	7 to 10 years	> 10 years	Total
Spain	4	328	130	2,335	2,797
Greece					
Ireland	10				10
Italy	1,076	1,539	1,646	3,748	8,008
Portugal	3	9			12
TOTAL	**1,092**	**1,876**	**1,776**	**6,083**	**10,827**

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

	31.12.2018					
(in millions of euros)	Spain	Greece	Ireland	Italy	Portugal	Total
OPENING SOVEREIGN DEBT SECURITIES	**2,796**		**17**	**8,234**	**285**	**11,332**
Change in unrealised capital gains/losses	2			(545)	6	(538)
Change in scope of consolidation						
Acquisitions				183		183
Divestments/Redemptions	(10)		(7)	(181)	(287)	(484)
Foreign exchange adjustments						
CLOSING SOVEREIGN DEBT SECURITIES	**2,787**		**10**	**7,692**	**5**	**10,493**

To date, the consolidated mutual funds hold €334 million in sovereign debt securities of peripheral eurozone countries, including in particular €316 million in Italian sovereign debt.

Note 7.9.2 Non-sovereign debt securities of peripheral countries of the eurozone

	31.12.2018					
(in millions of euros)	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit sharing
Spain	476		476	538	62	8
Greece						
Ireland	10		10	10	0	
Italy	360		360	367	7	1
Portugal	29		29	28	0	
TOTAL	**875**		**875**	**943**	**69**	**8**

	31.12.2017					
(in millions of euros)	Gross discounted cost price	Reserves for impairment	Net discounted cost price	Fair value	Gross unrealised capital gains (losses)	Unrealised capital gains (losses) net of taxes and profit sharing
Spain	530		530	609	79	10
Greece						
Ireland	8		8	8		
Italy	575		575	597	22	6
Portugal	28		28	28		
TOTAL	**1,140**		**1,140**	**1,242**	**102**	**16**

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 €943 million as at 31 December 2018. These securities present an unrealised capital gain net of taxes and profit sharing of €8 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.

Note 7.10 Fair value hierarchy

In accordance with IFRS 13 on fair value measurement, financial instruments (assets and liabilities) valued at fair value are classified according to a three-level hierarchy. These levels depend on whether a valuation model is used and the data sources used to populate the valuation models:

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

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

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

	31.12.2018				31.12.2017			
(in millions of euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
Equities and other variable-income investments	2,273	79	338	2,690	2,502	66	280	2,848
Bonds and other fixed-income investments	49,846	528	1,136	51,509	50,472	637	933	52,042
Other investments								
Total available-for-sale assets	**52,119**	**607**	**1,473**	**54,199**	**52,974**	**703**	**1,213**	**54,890**
Trading assets								
Equities and other variable-income investments classified as “trading” or “held for trading”	71		285	356	266		326	592
Bonds and other fixed-income investments classified as “trading” or “held for trading”	3,367	530	349	4,246	3,958	395	357	4,710
Cash mutual funds classified as “trading” or “held for trading”	8,023			8,023	8,024			8,024
Other investments								
Total trading assets	**11,461**	**530**	**634**	**12,625**	**12,248**	**395**	**683**	**13,326**
SUBTOTAL OF FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS MEASURED AT FAIR VALUE	**63,580**	**1,137**	**2,108**	**66,824**	**65,222**	**1,098**	**1,896**	**68,216**
Investments in unit-linked policies	6,135	2,607	303	9,045	5,681	3,361	287	9,329
Derivative assets and liabilities		(487)		(487)		(546)		(546)
TOTAL FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE	**69,715**	**3,257**	**2,410**	**75,382**	**70,903**	**3,914**	**2,183**	**77,000**

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

Derivative instruments posted to assets totalled €114 million and derivative instruments posted to liabilities in the balance sheet totalled €601 million as at 31 December 2018. These instruments are classified in level 2.

The Level 3 investments comprise:

- for shares, private equity funds and unlisted equities. The private equity fund units are valued based on the latest net asset values. Unlisted equities are valued using several methods, such as discounted cash flow or the restated net asset method;
- for bonds, securities valued based on a model using extrapolated data;
- for investments in unit-linked policies classified as Level 3 or in structured products not listed on an active market where the compensation is indexed either on indexes, 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 €148 million as at 31 December 2018, compared with €163 million as at 31 December 2017.

	31.12.2018								
	Available-for-sale assets			Trading assets					
(in millions of euros)	Actions	Bonds	Other investments	Actions	Bonds	Cash mutual funds	Other investments	Investments in unit-linked policies	Derivative assets and liabilities
Level 3 opening amount	**280**	**933**		**326**	**357**			**287**	
Change in unrealised capital gains/losses recognised in:									
▪ income				(31)	(12)			2	
▪ gains and losses recognised directly in shareholders' equity	21	(38)							
Transfer to level 3	42	188							
Transfer outside of level 3	(14)								
Reclassification to loans and receivables									
Change in scope of consolidation									
Acquisitions	14	99		33	26			69	
Divestments/Redemptions	(3)	(46)		(43)	(22)			(48)	
Foreign exchange adjustments	(3)							(7)	
LEVEL 3 CLOSING AMOUNT	**338**	**1,136**		**285**	**349**			**303**	

Note 7.11 Information required by the amendment to IFRS 4 in the event of a temporary exemption from the application of IFRS 9

The breakdown of the Group's financial investments into SPPI (Solely Payment of Principal and Interest) financial assets not held for trading and for which management and performance assessment are not based on fair value and other assets is as follows:

(in millions of euros)	31.12.2018			31.12.2017			Variation		
	SPPI [1] financial assets not held for trading and for which management and performance assessment are not based on fair value	Other assets	Total	SPPI [1] financial assets not held for trading and for which management and performance assessment are not based on fair value	Other assets	Total	SPPI [1] financial assets not held for trading and for which management and performance assessment are not based on fair value	Other assets	Total
Equities and other variable-income investments		3,046	3,046		3,440	3,440		(394)	(394)
Bonds and other fixed-income investments	48,342	7,413	55,755	49,151	7,601	56,752	(809)	(187)	(997)
Cash mutual funds		8,023	8,023		8,024	8,024		(1)	(1)
Other investments									
Total financial investments valued at fair value	**48,342**	**18,483**	**66,824**	**49,151**	**19,065**	**68,216**	**(809)**	**(582)**	**(1,391)**
Loans, deposits, and other investments at amortised cost	1,104	125	1,229	973	194	1,166	132	(69)	63
TOTAL FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS	**49,446**	**18,607**	**68,053**	**50,124**	**19,258**	**69,382**	**(678)**	**(651)**	**(1,329)**
Unit-linked financial investments		8,935	8,935		9,212	9,212		(276)	(276)

(1) Solely Payment of Principal and Interest (SPPI) assets are securities whose contractual terms give rise, on specified dates, to cash flows that correspond solely to principal and interest payments on outstanding principal.

The table below presents the breakdown by rating of SPPI investments not held for trading and for which management and performance assessment are not based on fair value.

(in millions of euros)	31.12.2018						
	AAA	AA	C	BBB	<BBB	Not rated	Total
Financial assets at book value determined in accordance with IAS 39	2,636	23,634	9,548	12,431	343	855	49,446
SPPI [1] financial assets not held for trading and for which management and performance assessment are not based on fair value	2,636	23,634	9,548	12,431	343	855	49,446

(1) Solely Payment of Principal and Interest (SPPI) investments are securities whose contractual terms give rise, on specified dates, to cash flows that correspond solely to principal and interest payments on outstanding principal.

NOTE 8 INVESTMENTS REPRESENTING COMMITMENTS IN UNIT-LINKED INVESTMENTS

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Variable-income securities and related securities		3	3		4	4
Bonds	2,551	397	2,948	3,027	505	3,532
Equity mutual fund units	5,220	171	5,391	4,990	168	5,158
Bond and other UCITS units	197	251	448	173	273	446
Other investments		145	145		71	71
Subtotal of unit-linked financial investments	**7,968**	**968**	**8,935**	**8,190**	**1,022**	**9,212**
Unit-linked investment property	110		110	118		118
Subtotal of unit-linked investment property	**110**		**110**	**118**		**118**
TOTAL	**8,077**	**968**	**9,045**	**8,308**	**1,022**	**9,329**

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

NOTE 9 ASSET AND LIABILITY DERIVATIVE INSTRUMENTS AND SEPARATE EMBEDDED DERIVATIVES

	31.12.2018					
	France		International		Total	
(in millions of euros)	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	114	(598)			114	(598)
Options						
Foreign currency futures		(3)				(3)
Other						
TOTAL	**114**	**(601)**			**114**	**(601)**

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

The following derivative instruments are 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 hedges;
- 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 IAS 39.

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 at 31 December 2018, they are recognised at fair value in 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 by the Group.

NOTE 10 USES AND SOURCES OF FUNDS FOR FINANCIAL SECTOR BUSINESS ACTIVITIES

Note 10.1 Uses of funds for financial sector activities

	31.12.2018			31.12.2017		
(in millions of euros)	Gross value	Reserves	Net value	Gross value	Reserves	Net value
Petty cash, central banks and postal accounts						
Financial assets at fair value through income	86		86	79		79
Hedging derivatives						
Available-for-sale financial assets	2		2	3		3
Loans and receivables on credit institutions	23		23	19		19
Loans and receivables on customers						
Revaluation difference of interest rate hedged portfolios						
Held-to-maturity financial assets						
Investment property						
TOTAL	**112**		**112**	**101**		**101**

Note 10.2 Uses of funds for financial sector activities

(in millions of euros)	31.12.2018	31.12.2017
Central banks, postal accounts		
Financial liabilities at fair value through income		
Hedging derivatives		
Debts to credit institutions		
Debts to customers	7	10
Debts represented by securities		
Revaluation difference of interest rate hedged portfolios		
TOTAL	**7**	**10**

NOTE 11 INVESTMENTS IN RELATED COMPANIES AND JOINT VENTURES

The Group holds several stakes in the following insurance companies:

- La Banque Postale Assurances 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;
- 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.

Compagnie Financière d'Orange Bank, 65%-held by Orange and 35%-held by the Groupama group, is the holding company that holds Orange Bank, a 100% mobile online bank.

The main key figures of these different companies are provided in the above table.

	31.12.2018		31.12.2017	
(in millions of euros)	Equivalent value	Share of income	Equivalent value	Share of income
La Banque Postale Assurances IARD	114	(1)	107	(2)
Orange Banque	234	(59)	243	(35)
STAR	61	1	68	1
GROUPAMA – AVIC Property Insurance Co.	77	4	75	6
Compagnie Financière d'Orange Bank				
TOTAL	**485**	**(56)**	**493**	**(30)**

An analysis is performed to determine whether it is necessary to recognise an additional impairment loss relating to the Group's stake in related companies.

In the case of Orange Bank, the model for determining the recoverable amount against which the book value is compared, which incorporates an intangible asset of €118 million, is a DCF (Discounted Cash Flows) valuation for which the discount rate and long-term growth rate assumptions have the following sensitivities:

- sensitivity to a 50-basis point increase in the discount rate is €160 million on the recoverable amount;
- sensitivity to a 50-basis point decrease in the growth rate is €60 million on the recoverable amount.

As of 31 December 2018, there was no evidence of impairment on any of the five stakes in related companies and joint ventures.

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Note 11.1 Significant data pursuant to IFRS 12

	2018				
(in millions of euros)	Premium income	Net income	Technical reserves	Total assets	Shareholders' equity
La Banque Postale Assurances IARD (1)	358	(2)	517	802	134
STAR (2)	114	3	206	327	96
Groupama – AVIC Property Insurance Co. (1)	301	4	174	389	138
Orange Bank (1)		(170)		5,295	325
Compagnie Financière d'Orange Bank (1)		(1)		529	524

(1) Actual data.
(2) Estimated data for income and earnings/Actual data at December 2017 for the balance sheet.

	2017				
(in millions of euros)	**Premium income**	**Net income**	**Technical reserves**	**Total assets**	**Shareholders' equity**
La Banque Postale Assurances IARD [1]	326	(7)	451	714	112
STAR [2]	124	3	207	346	109
Groupama – AVIC Property Insurance Co. [1]	280	6	161	400	137
Orange Bank [1]		(76)		5,364	340
Compagnie Financière d'Orange Bank [1]				373	370

(1) Actual data.
(2) Estimated data for income and earnings/Actual data at December 2016 for the balance sheet.

The Group has chosen to opt for the temporary exemption from the rule on uniformity of accounting policies ordinarily required by IAS 28 and provided for in paragraph 20 O (b) of the amendment to IFRS 4 "Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts". This amendment allows insurance groups that have elected to postpone the application of IFRS 9 and that account for related companies using the equity method to retain the financial statements prepared by these related companies for the purposes of preparing their consolidated financial statements. This option concerns the financial statements used for the application of the equity method of related companies of Orange Bank (which has applied IFRS 9 since 1 January 2018) and La Banque Postale Assurances IARD (which applies the IFRS 9 stacking approach of the amendment to IFRS 4).

NOTE 12 SHARE OF OUTWARD REINSURERS AND RETROCESSIONAIRES IN LIABILITIES RELATED TO INSURANCE POLICIES AND FINANCIAL CONTRACTS

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	11	16	27	11	19	31
Outstanding claims reserves	961	80	1,041	1,082	87	1,169
Other technical reserves	354	1	355	354	1	355
Total	**1,326**	**96**	**1,423**	**1,447**	**107**	**1,554**
Share of reinsurers in life insurance reserves						
Life insurance reserves	23	2	26	25	2	27
Outstanding claims reserves	23	3	25	40	3	43
Profit-sharing reserves	15		15	11		11
Other technical reserves						
Total	**61**	**5**	**65**	**75**	**5**	**80**
Share of reinsurers in financial contract reserves						
TOTAL	**1,387**	**101**	**1,488**	**1,522**	**112**	**1,634**

Note 12.1 Change in the share of outward reinsurers and retrocessionaires in claims reserves for non-life claims split by operating segment

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Share of reinsurers in opening reserves for claims	**1,082**	**87**	**1,169**	**890**	**120**	**1,010**
Portfolio transfers and changes in scope of consolidation				(9)	(1)	(10)
Share of reinsurers in total claims expense	164	24	188	431	10	442
Share of reinsurers in total payments	(285)	(25)	(311)	(230)	(38)	(269)
Foreign exchange variation		(5)	(5)		(5)	(5)
SHARE OF REINSURERS IN CLOSING RESERVES FOR CLAIMS	**961**	**80**	**1,041**	**1,082**	**87**	**1,169**

NOTE 13 OTHER PROPERTY PLANT AND EQUIPMENT

Note 13.1 Change in other property plant and equipment

	31.12.2018			31.12.2017		
(in millions of euros)	Other property, plant and equipment	Other long-term operating assets	Total	Other property, plant and equipment	Other long-term operating assets	Total
Opening gross value	**395**	**57**	**452**	**379**	**56**	**435**
Acquisitions	46	8	54	61	1	62
Change in scope of consolidation				(3)		(3)
Assets capitalised in the year	2		2	1		1
Foreign exchange adjustments	(3)		(3)	(2)		(2)
Outward reinsurance	(64)		(65)	(41)		(41)
Closing gross value	**377**	**64**	**441**	**395**	**57**	**452**
Opening cumulative amortisation & impairment	**(280)**		**(280)**	**(282)**		**(282)**
Increase	(38)		(38)	(30)		(30)
Change in scope of consolidation				3		3
Foreign exchange adjustments	2		2	1		1
Decrease	59		59	28		28
Closing cumulative amortisation & impairment	**(257)**		**(257)**	**(280)**		**(280)**
Opening cumulative long-term impairment	**(1)**		**(1)**	**(1)**		**(1)**
Long-term impairment recognised						
Change in scope of consolidation						
Foreign exchange adjustments						
Long-term impairment write-backs	1		1			
Closing cumulative long-term impairment	**(1)**		**(1)**	**(1)**		**(1)**
Opening net value	**115**	**57**	**171**	**96**	**56**	**152**
Closing net value	**119**	**64**	**183**	**115**	**57**	**171**
Closing fair value of other property, plant and equipment	**119**	**114**	**234**	**114**	**112**	**226**
UNREALISED CAPITAL GAINS/LOSSES	**0**	**51**	**51**	**(1)**	**55**	**55**

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

Note 13.2 Other property plant and equipment – by operating segment

	31.12.2018						31.12.2017					
	Other property, plant and equipment			Other long-term operating assets			Other property, plant and equipment			Other long-term operating assets		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	273	103	377	64		64	292	104	396	57		57
Cumulative amortisation & impairment	(173)	(84)	(257)				(195)	(85)	(280)			
Long-term impairment	(1)		(1)				(1)		(1)			
Closing net value	**100**	**19**	**119**	**64**		**64**	**96**	**19**	**115**	**57**		**57**
Closing fair value of other property, plant and equipment	**100**	**19**	**119**	**114**		**114**	**95**	**19**	**114**	**112**		**112**
UNREALISED CAPITAL GAINS/LOSSES	**0**	**0**	**0**	**51**		**51**	**(1)**	**0**	**0**	**55**		**55**

NOTE 14 DEFERRED ACQUISITION COSTS

	31.12.2018			31.12.2017		
(in millions of euros)	Gross	Deferred profit sharing	Net	Gross	Deferred profit sharing	Net
Non-life insurance policies	80		80	43		43
Life insurance policies and financial contracts with discretionary profit sharing	22		22	24		24
France	**102**		**102**	**67**		**67**
Non-life insurance policies	49		49	49		49
Life insurance policies and financial contracts with discretionary profit sharing	20	(3)	17	23	(3)	21
International	**69**	**(3)**	**66**	**72**	**(3)**	**70**
TOTAL DEFERRED ACQUISITION COSTS	**171**	**(3)**	**168**	**139**	**(3)**	**137**

NOTE 15 DEFERRED TAXES

Note 15.1 Deferred tax assets – by operating segment

	31.12.2018			31.12.2017
(in millions of euros)	France	International	Total	Total
Deferred tax assets	22	17	39	36
TOTAL	**22**	**17**	**39**	**36**

Note 15.2 Deferred tax liabilities – by operating segment

	31.12.2018			31.12.2017
(in millions of euros)	France	International	Total	Total
Deferred tax liabilities	65	2	67	141
TOTAL	**65**	**2**	**67**	**141**

Note 15.3 Analysis of the major components of deferred taxes

(in millions of euros)	31.12.2018	31.12.2017
Deferred taxes resulting from timing differences		
Restatements on AFS & Trading financial instruments (net of deferred profit sharing)	(237)	(363)
Life acquisition costs and overall management expenses reserve	(36)	(52)
Consolidation restatements on technical reserves	(103)	(105)
Other differences on consolidation restatements	110	143
Deferred non-life acquisition costs	(26)	(28)
Tax differences on technical reserves and other contingent liabilities	330	334
Tax-deferred capital gains	(2)	(2)
Valuation difference on mutual funds	(6)	2
Foreign exchange hedge	7	8
Other temporary tax differences	(29)	1
Subtotal of deferred taxes resulting from timing differences	**9**	**(61)**
Deferred taxes on ordinary losses	**(37)**	**(44)**
Deferred taxes recorded in the balance sheet	**(28)**	**(105)**
of which, assets	39	36
of which, liabilities	(67)	(141)

Unrecognised deferred taxes on net assets amounted to €11 million at 31 December 2018, compared with €21 million 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 16 RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE TRANSACTIONS

Note 16.1 Receivables from insurance or inward reinsurance transactions – by operating segment

	31.12.2018							31.12.2017
	France			International				
(in millions of euros)	Gross value	Reserves	Net value	Gross value	Reserves	Net value	Total	Total
Earned unwritten premiums	878		878	20		20	898	708
Policyholders, intermediaries, and other third parties	454	(22)	432	394	(59)	335	767	750
Current accounts – co-insurers and other third parties	93	(2)	91	62	(37)	24	115	72
Current accounts – ceding and retroceding companies and other receivables from inward reinsurance	285		285	6		6	291	369
TOTAL	**1,709**	**(24)**	**1,685**	**482**	**(97)**	**386**	**2,070**	**1,899**

Note 16.2 Receivables from insurance or inward reinsurance transactions – by maturity

	31.12.2018				31.12.2017			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Earned unwritten premiums	898			898	708			708
Policyholders, intermediaries, and other third parties	721	41	5	767	685	65		750
Current accounts – co-insurers and other third parties	108	7		115	72			72
Current accounts – ceding and retroceding companies and other receivables from inward reinsurance	282	9		291	324	46		369
TOTAL	**2,008**	**57**	**5**	**2,070**	**1,788**	**111**		**1,899**

NOTE 17 RECEIVABLES FROM OUTWARD REINSURANCE TRANSACTIONS

	31.12.2018			31.12.2017
(in millions of euros)	Gross value	Reserves	Net value	Net value
Outward reinsurer and retrocessionaire current accounts	37	(6)	31	74
Other receivables from ceded reinsurance	141	(1)	139	109
TOTAL	**178**	**(7)**	**171**	**183**

Note 17.1 Receivables from outward reinsurance transactions – by maturity

	31.12.2018				31.12.2017			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Outward reinsurer and retrocessionaire current accounts	31			31	37	37		74
Other receivables from ceded reinsurance	139			139	109			109
TOTAL	**171**			**171**	**146**	**37**		**183**

NOTE 18 CURRENT TAX RECEIVABLES AND OTHER TAX RECEIVABLES

Note 18.1 Current tax receivables and other tax receivables – by maturity

	31.12.2018				31.12.2017			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Current tax receivables	104			104	80			80
Other receivables from the State and public authorities	185			185	171			171
TOTAL	**289**			**289**	**251**			**251**

Note 18.2 Current tax receivables and other tax receivables – by operating segment

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Current tax receivables	80	24	104	51	29	80
Other receivables from the State and public authorities	95	90	185	102	69	171
TOTAL	**175**	**115**	**289**	**152**	**99**	**251**

NOTE 19 OTHER RECEIVABLES

(in millions of euros)	31.12.2018 Gross value	31.12.2018 Reserves	31.12.2018 Total	31.12.2017 Total
Accrued interest not yet due	627		627	666
Due from employees	8		8	7
Social agencies	11		11	7
Other debtors	1,226	(27)	1,200	1,382
Other receivables	320		320	279
TOTAL	**2,193**	**(27)**	**2,166**	**2,342**

Note 19.1 Other receivables- by maturity

	31.12.2018				31.12.2017			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Accrued interest not yet due	627			627	666			666
Due from employees	8			8	7			7
Social agencies	11			11	7			7
Other debtors	1,194	5		1,200	1,316	66		1,382
Other receivables	320			320	279			279
TOTAL	**2,161**	**5**		**2,166**	**2,275**	**66**		**2,342**

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Note 19.2 Other receivables – by operating segment

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Accrued interest not yet due	563	64	627	603	63	666
Due from employees	7	1	8	6	1	7
Social agencies	11		11	7		7
Other debtors	1,164	35	1,200	1,340	43	1,382
Other receivables	267	53	320	243	36	279
TOTAL	**2,013**	**154**	**2,166**	**2,199**	**143**	**2,342**

NOTE 20 CASH AND CASH EQUIVALENTS

Note 20.1 Cash and cash equivalents applied to balance sheet assets

(in millions of euros)	31.12.2018	31.12.2017
France	457	285
International	130	198
TOTAL	**587**	**483**

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

Note 20.2 Cash applied to balance sheet liabilities

	31.12.2018				31.12.2017			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Operating debts to banking sector companies	11			11	57			57
TOTAL	**11**			**11**	**57**			**57**

	31.12.2018			
	Currencies		Rate	
(in millions of euros)	Eurozone	Non eurozone	Fixed rate	Variable rate
Operating debts to banking sector companies	11		11	
TOTAL	**11**		**11**	

NOTE 21 GROUP'S EQUITY, MINORITY INTERESTS

Note 21.1 Share capital limits for insurance companies

Insurance business operations are governed by regulatory constraints that define, in particular, share capital or minimum initial capital. In France, in accordance with the European Directive and by virtue of Articles R. 322-5 and R. 322-44 of the French Insurance Code, French companies subject to State control and established in the form of agricultural insurance or reinsurance mutuals must have initial capital at least equal to €240,000 or €400,000 depending on the branches operated. French public limited companies must have share capital of at least €480,000 or €800,000 depending on the branches operated.

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 L. 352-5 of the French Insurance Code) and the solvency capital requirement (Article L. 352-1 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 engaged in by the insurance group.

Note 21.2 Impact of transactions with shareholders

CHANGE IN GROUP'S EQUITY DURING THE 2018 FISCAL YEAR

Article 52 of the law of 9 December 2016 on transparency, the fight against corruption, and modernisation of the economy, required Groupama's central body, Groupama SA, to transform itself from a public limited company into an Agricultural Reinsurance Mutual.

On 7 June 2018, Groupama SA was converted into an Agricultural Reinsurance Mutual, a special form of mutual insurance company, commonly known as Groupama Assurances Mutuelles. Prior to this conversion, Groupama Holding and Groupama Holding 2 were taken over by Groupama SA, resulting in the direct ownership of Groupama SA shares by the regional mutuals.

As of 31 December 2017, Groupama SA's share capital consisted of 407,474,176 shares with a par value of €5.125.

The table below shows the change of capital during operations prior to the conversion (acquisition of Groupama Holding and Groupama Holding 2 by Groupama SA):

Date of completion	Operation	Number of shares issued/ cancelled	Par value of the shares	Par value of the capital increase/ reduction	Contribution or merger issue premium	Cumulative capital	Cumulative number of shares
07.06.2018	Cancellation of existing shares following the conversion of the company into an Agricultural Reinsurance Mutual	411,924,071	€5.125	€2,111,110,863.88	0	0	0
07.06.2018	Capital reduction by cancellation of the shares contributed by Groupama Holding on 07.06.2018	374,939,492	€5.125	€1,921,564,896.50	0	€2,111,110,863.88	411,924,071
07.06.2018	Capital increase as compensation for the merger takeover of Groupama Holding	378,191,874	€5.125	€1,938,233,354.25	€1,322,162,494.91	€4,032,675.760.375	786,863,563
07.06.2018	Capital reduction by cancellation of the shares contributed by Groupama Holding 2	32,435,200	€5.125	€166,230,400	0	€2,094,442,406.125	408,671,689
07.06.2018	Capital increase as compensation for the merger takeover of Groupama Holding 2	33,632,713	€5.125	€172,367,654.125	€116,277,202.32	€2,260,672,806.125	411,106,889
25.02.2016	Capital increase eliminating the preferential share subscription right held by Groupama Holding and Groupama Holding 2	78,387,464	€5.125	€401,735,753	€298,264,300.52	€2,088,305,152	407,474,176

As of 7 June 2018, in accordance with the provisions of Article 52 of the Sapin law, an additional transaction corresponding to the cancellation and redemption of 99,484 shares held by current employees, former employees, and exclusive agents of Groupama SA resulted in a share capital of 411,824,587 shares.

The conversion resulted in the conversion of Groupama SA shares into mutual certificates of Groupama Assurances Mutuelles. The value of the mutual certificates issued as part of the conversion constitutes the initial capital of Groupama Assurances Mutuelles of €3,618 million and consists of 411,824,587 mutual certificates with a par value of €8.785, wholly owned by the 13 Groupama member mutuals. Mutual certificates give the same rights to their holders. This conversion resulted in the recognition in the Group's shareholders' equity of a difference corresponding to the difference between the consolidated reserves increased by the Group's share capital and the amount of the initial capital.

According to the Group's analysis, mutual certificates are essentially analysed as equity instruments in accordance with IAS 32. The conversion of Groupama SA's shares into mutual certificates had no impact on the classification of these instruments.

ACCOUNTING TREATMENT OF SUBORDINATED BONDS CLASSIFIED IN EQUITY INSTRUMENTS

The debt classified as equity consists of a fixed-rate perpetual subordinated bond (TSDI) detailed as follows:

Issuer	Nominal *(in millions of euros)*	Issue date	Next issuer redemption option	Coupon	Coupon rate	Step-up clause
Groupama Assurances Mutuelles	1,100	28.05.2014	28.05.2024	Fixed	6.375%	yes

This loan has the following special characteristics:

- 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 21.3 Reserves related to changes in fair value recorded in group's equity

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

(in millions of euros)	31.12.2018	31.12.2017
Gross unrealised capital gains (losses) on available-for-sale assets	5,462	7,113
Shadow accounting	(4,212)	(5,487)
Cash flow hedge and other changes	(40)	(40)
Deferred taxes	(196)	(322)
Share of non-controlling interests	(3)	(5)
REVALUATION RESERVE – GROUP SHARE	**1,010**	**1,257**

The deferred tax amount shown in the table above corresponds to the application of first, a short-term and long-term tax rate on the unrealised gains on financial instruments classified as "available-for-sale assets"; and second, a short-term tax rate on deferred profit sharing ("shadow accounting"). Under the new rules for long-term capital gains (losses) applicable as at 1 January 2006, the unrealised capital gains on "strategic" equity interests are exempt for the calculation of the deferred tax up to a maximum percentage of costs and expenses (i.e., an effective rate of 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 are recycled in income when the hedged items are sold in accordance with the provisions of IAS 39.

NOTE 22 CONTINGENT LIABILITIES

	31.12.2018						
	France			International			Total
(in millions of euros)	Reserves for pensions and similar obligations	Other contingent liabilities (1)	Total	Reserves for pensions and similar obligations	Other contingent liabilities (1)	Total	
OPENING BALANCE	**212**	**172**	**384**	**33**	**46**	**80**	**463**
Changes in the scope of consolidation and changes in accounting methods							
Increases for the year	124	42	166	4	12	16	183
Write-backs for the year	(136)	(105)	(240)	(7)	(14)	(21)	(262)
Foreign exchange variation				(1)		(1)	(1)
CLOSING BALANCE	**201**	**109**	**310**	**30**	**44**	**73**	**384**

(1) Details are not provided for this line item because this information could seriously prejudice the Group in view of ongoing litigation proceedings.

	31.12.2017						
	France			International			Total
(in millions of euros)	Reserves for pensions and similar obligations	Other contingent liabilities (1)	Total	Reserves for pensions and similar obligations	Other contingent liabilities (1)	Total	
OPENING BALANCE	**251**	**121**	**372**	**35**	**48**	**83**	**455**
Changes in the scope of consolidation and changes in accounting methods							
Increases for the year	140	118	258	4	14	18	276
Write-backs for the year	(179)	(68)	(247)	(5)	(15)	(20)	(267)
Foreign exchange variation				(1)	(1)	(1)	(1)
CLOSING BALANCE	**212**	**172**	**384**	**33**	**46**	**80**	**463**

(1) Details are not provided for this line item because this information could seriously prejudice the Group in view of ongoing litigation proceedings.

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

Note 23.1 Principal actuarial assumptions

	31.12.2018				31.12.2017			
(in millions of euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial debt	206	351	34	590	218	387	38	642
Fair value of hedging assets	24	336		360	32	365		397
Net actuarial debt	**182**	**15**	**34**	**230**	**186**	**22**	**38**	**245**
Principal actuarial assumptions								
Financial assumptions								
Discount rate	1.60%	2.90%	NS		1.40%	2.50%	NS	
Yield expected from plan assets	1.60%	2.90%	NS		1.40%	2.50%	NS	
Expected salary/pension increase	1.90%	3.20%	NS		1.90%	3.20%	NS	
Staff turnover								
■ 18 to 34 years	6.50%	NA	NS		5.90%	NA	NS	
■ 35 to 44 years	3.32%	NA	NS		3.25%	NA	NS	
■ 45 to 54 years	1.76%	NA	NS		1.56%	NA	NS	
■ -55 and older	0.00%	NA	NS		0.00%	NA	NS	

Note that in the United Kingdom, the Groupama Insurance Company Limited (GICL) pension fund was transferred to Groupama Assurances Mutuelles following the sale of the subsidiary in 2012.

Only staff turnover rates for France are material in the context of the consolidated financial statements.

The discount rate used at 31 December 2018 to assess actuarial commitments is the interest rate on high-quality corporate bonds.

Note 23.2 Reserve for pensions

Note 23.2.1 Pensions reserve – Change in actuarial value of the debt

	31.12.2018			31.12.2017		
(in millions of euros)	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
OPENING ACTUARIAL DEBT	**601**	**42**	**642**	**611**	**42**	**654**
Cost of past services	8	3	11	7	3	11
Interest payable	11		11	12		12
Revaluations of actuarial debt						
Actuarial differences resulting from changes in demographic assumptions	(3)		(4)	(5)		(5)
Actuarial differences resulting from changes in financial assumptions	(27)	(2)	(29)	12		12
Experience-related adjustments	(6)	(4)	(9)	(5)	(2)	(7)
Benefits paid directly by the employer	(7)	(2)	(9)	(6)	(3)	(9)
Benefits paid by hedging assets	(20)		(20)	(18)		(18)
Cost of past services and profit/loss on liquidation				(1)	1	0
Change in scope of consolidation				(1)		(1)
Change in exchange rates	(5)		(5)	(14)		(14)
Other		1	1	9		9
CLOSING ACTUARIAL DEBT	**551**	**39**	**590**	**601**	**42**	**642**

Note 23.2.2 Reserve for pensions – Change in the fair value of hedging assets

	31.12.2018			31.12.2017		
(in millions of euros)	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
OPENING FAIR VALUE OF HEDGING ASSETS	**397**		**397**	**370**		**370**
Interest income	9		9	10		10
Revaluations of hedging assets						
Portion of yield on hedging assets in excess of the discount rate	(23)		(23)	21		21
Change in effect of asset cap						
Benefits paid	(20)		(20)	(19)		(19)
Employer contributions	6		6	29		29
Employee contributions						
Change in scope of consolidation				(1)		(1)
Change in exchange rates	(3)		(3)	(13)		(13)
Other	(6)		(6)	2		2
CLOSING FAIR VALUE OF HEDGING ASSETS	**360**		**360**	**397**		**397**

Note 23.3 Change in post-employment benefits recognised through net income and profits/losses recognised directly through group's equity

(in millions of euros)	31.12.2018	31.12.2017
Cost of services:		
Cost of past services	(8)	(7)
Cost of past services and profit/loss on liquidation		1
Net interest on net actuarial debt	(2)	(2)
Other		
COMPONENT OF THE EXPENSE RECOGNISED IN THE INCOME STATEMENT	**(10)**	**(9)**
Revaluation of net actuarial debt:		
Portion of return on hedging assets not recognised in the income statement	(23)	21
Actuarial differences resulting from changes in demographic assumptions	3	5
Actuarial differences resulting from changes in financial assumptions	27	(12)
Experience-related adjustments	6	5
Change in effect of asset cap		
COMPONENT OF THE EXPENSE RECOGNISED THROUGH PROFIT/LOSSES POSTED DIRECTLY AS GROUP'S EQUITY	**13**	**19**

Note 23.4 Information pertaining to personnel benefits – distribution of hedging assets

(in millions of euros)	31.12.2018	31.12.2017
Equities	209	251
Bonds	76	61
Other	75	85
CLOSING FAIR VALUE OF HEDGING ASSETS	**360**	**397**

Note 23.5 Sensitivity analysis

The sensitivity to an increase of 50 basis points in the discount rate is -6% on the gross actuarial debt total for France, and -8.2% for the United Kingdom.

Sensitivity to social commitments in relation to illness cover: as at 31 December 2018, actuarial debt for illness cover amounted to €11 million. The sensitivity of this debt to an increase of 50 basis points in the discount rate is -5%.

NOTE 24 FINANCING DEBT

Note 24.1 Financing debt – by maturity

	31.12.2018				31.12.2017			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Subordinated debt of insurance companies			1,633	1,633			1,136	1,136
Financing debt represented by securities								
Financing debt with banking-sector companies								
TOTAL			**1,633**	**1,633**			**1,136**	**1,136**

On 24 September 2018, Groupama Assurances Mutuelles issued a TSR bond for a nominal value of €500 million at a fixed rate of 3.375% for a 10-year term.

Following this operation, the redeemable subordinated debts classified as “financing debts” are detailed as follows:

Issuer	Nominal *(in millions of euros)*	Issue date	Maturity (if dated)	Next issuer redemption option	Coupon	Coupon rate	Step-up clause
Groupama Assurances Mutuelles	500	27.10.2009	27.10.2039	27.10.2019	Fixed	7.88%	yes
Groupama Assurances Mutuelles	650	23.01.2017	23.01.2027		Fixed	6.00%	no
Groupama Assurances Mutuelles	500	24.09.2018	24.09.2028		Fixed	3.38%	no

At 31 December 2018, the rating:

- of the 2009 issue is 105.5%, compared with 113.7% at 31 December 2017;
- of the 2017 issue is 111.2%, compared with 126.3% at 31 December 2017;
- of the 2018 issue is 92.3% at 31 December 2018.

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.

Note 24.2 Financing debt – by currency and rate

	31.12.2018			
	Currencies		Rate	
(in millions of euros)	Eurozone	Non eurozone	Fixed rate	Variable rate
Subordinated debt of insurance companies	1,633		1,633	
Financing debt represented by securities				
Financing debt with banking-sector companies				
TOTAL	**1,633**		**1,633**	

NOTE 25 TECHNICAL LIABILITIES RELATED TO INSURANCE POLICIES

Note 25.1 Technical liabilities related to insurance policies – by operating segment

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Gross technical reinsurance reserves						
Life insurance reserves	31,787	759	32,546	31,723	800	32,523
Outstanding claims reserves	622	67	690	629	68	697
Reserves for profit sharing	552	3	555	240	4	244
Other technical reserves	3	18	21	2	21	24
Total Life insurance	**32,965**	**847**	**33,812**	**32,594**	**893**	**33,487**
Reserves for unearned premiums	723	676	1,399	706	650	1,355
Outstanding claims reserves	6,517	2,079	8,596	6,400	2,135	8,535
Other technical reserves	2,883	35	2,918	2,879	36	2,915
Total Non-life insurance	**10,122**	**2,790**	**12,913**	**9,985**	**2,821**	**12,805**
Life insurance reserves for unit-linked policies	8,480	999	9,479	8,708	1,040	9,748
TOTAL	**51,567**	**4,636**	**56,203**	**51,287**	**4,754**	**56,041**

The adequacy tests carried out on liabilities as at 31 December 2018 were found to be satisfactory and did not result in the recognition of any additional technical expense.

MEASUREMENT OF RESERVES FOR NON-REPORTED AND LATE CLAIMS (IBNR)

The outstanding claims reserve totalled €8,596 million at 31 December 2018. These reserves are valued on the basis of an actuarial approach, defined in accordance with a group methodology. By means of valuations of final costs based on payment triangles or costs (by risk segment), this method permits a determination of the sufficient amount of outstanding claims reserve. This valuation incorporates the valuation of delinquent claims and expected recoveries into its approach.

LONG-TERM CARE

The total amount of reserves relating to long-term care risk stood at €384 million at 31 December 2018 (including €273 million for the reserve for increasing risks). The actuarial reserves for annuities in service and outstanding claims reserve, covering outstanding claims, were determined based on experience data from the long-term care portfolio – law on long-term care – and a technical rate of 0.62% (75% TME). Reserves for increasing risks, covering future claims (likely present value of the commitments of the insurer and the insured) were determined on the basis of experience data from the long-term care portfolio – law on death of able-bodied people, laws on impact differentiated by product, and law on long-term care – and a technical rate of 0.90%, aiming to reflect the current financial environment. Each year, the regional mutual carries out a sufficiency test of the long-term care reserves, including any anticipations of tariff revisions.

Note 25.2 Technical liabilities related to insurance policies – by business

Note 25.2.1 Technical liabilities related to insurance policies – by business – France

	31.12.2018			31.12.2017		
(in millions of euros)	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	31,787		31,787	31,723		31,723
Outstanding claims reserves	622		622	629		629
Reserves for profit sharing	552		552	240		240
Other technical reserves	3		3	2		2
Total Life insurance	**32,965**		**32,965**	**32,594**		**32,594**
Reserves for unearned premiums	31	691	723	25	681	706
Outstanding claims reserves	717	5,800	6,517	658	5,743	6,400
Other technical reserves	1,884	999	2,883	1,896	983	2,879
Total Non-life insurance	**2,633**	**7,490**	**10,122**	**2,578**	**7,406**	**9,985**
Life insurance reserves for unit-linked policies	8,480		8,480	8,708		8,708
TOTAL	**44,077**	**7,490**	**51,567**	**43,881**	**7,406**	**51,287**

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

Note 25.2.2 Technical liabilities related to insurance policies – by business – International

	31.12.2018			31.12.2017		
(in millions of euros)	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	759		759	800		800
Outstanding claims reserves	67		67	68		68
Reserves for profit sharing	3		3	4		4
Other technical reserves	18		18	21		21
Total Life insurance	**847**		**847**	**893**		**893**
Reserves for unearned premiums	60	616	676	67	583	650
Outstanding claims reserves	89	1,990	2,079	78	2,057	2,135
Other technical reserves	9	26	35	12	24	36
Total Non-life insurance	**158**	**2,632**	**2,790**	**156**	**2,664**	**2,821**
Life insurance reserves for unit-linked policies	999		999	1,040		1,040
TOTAL	**2,004**	**2,632**	**4,636**	**2,089**	**2,664**	**4,754**

Note 25.3 Breakdown of technical reserves for insurance policies – by main categories

(in millions of euros)	31.12.2018 Gross life insurance reserves	31.12.2018 Gross outstanding claims reserves	31.12.2018 Total	31.12.2017 Gross life insurance reserves	31.12.2017 Gross outstanding claims reserves	31.12.2017 Total
Single-premium policies						
Capitalisation	12	12	24	19	12	31
Individual insurance	12,252	97	12,349	11,862	106	11,968
Group policies	170	5	175	177	4	181
Other	135		135			
Total reserves for single-premium policies	**12,570**	**114**	**12,683**	**12,058**	**122**	**12,180**
Periodic-premium policies						
Capitalisation	146	3	149	112	3	115
Individual insurance	6,395	228	6,623	6,603	262	6,865
Group policies	7,994	317	8,310	8,176	276	8,452
Other	2,652	2	2,654	2,814	3	2,817
Total reserves for periodic premium policies	**17,186**	**550**	**17,737**	**17,704**	**544**	**18,248**
Inward reinsurance	**2,790**	**26**	**2,816**	**2,761**	**31**	**2,792**
TOTAL	**32,546**	**690**	**33,236**	**32,523**	**697**	**33,220**

(in millions of euros)	31.12.2018 Reserves for unearned premiums	31.12.2018 Outstanding claims reserves	31.12.2018 Total	31.12.2017 Reserves for unearned premiums	31.12.2017 Outstanding claims reserves	31.12.2017 Total
Non-life insurance						
Motor	596	2,249	2,845	560	2,252	2,812
Bodily injury	83	595	678	89	546	635
Property damage	283	755	1,038	283	710	994
General third party liability	49	498	547	51	499	550
Marine, aviation, transport	7	85	92	7	169	176
Other risks	171	884	1,055	165	856	1,021
Inward reinsurance	**209**	**3,530**	**3,739**	**199**	**3,504**	**3,703**
TOTAL NON-LIFE INSURANCE RESERVES	**1,399**	**8,596**	**9,995**	**1,355**	**8,535**	**9,891**

Note 25.4 Change in reserves for non-life claims payable

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Opening reserves for non-life claims	**6,400**	**2,135**	**8,535**	**5,796**	**2,294**	**8,090**
Portfolio transfers					**(10)**	**(10)**
Claims expense for the current fiscal year	3,810	1,260	5,070	3,865	1,236	5,102
Claims expense for previous years	(10)	(34)	(44)	226	(96)	130
Total claims expense	**3,800**	**1,226**	**5,025**	**4,092**	**1,140**	**5,232**
Claims payments for the current year	(1,737)	(586)	(2,323)	(1,635)	(580)	(2,215)
Claims payments for previous years	(1,946)	(628)	(2,574)	(1,852)	(650)	(2,502)
Total payments	**(3,683)**	**(1,214)**	**(4,897)**	**(3,486)**	**(1,230)**	**(4,717)**
Foreign exchange variation		**(68)**	**(67)**	**(2)**	**(59)**	**(61)**
CLOSING RESERVES FOR NON-LIFE CLAIMS	**6,517**	**2,079**	**8,596**	**6,400**	**2,135**	**8,535**

Note 25.5 Impact of gross claims

(in millions of euros)	2,014	2,015	2,016	2017	2018
Estimate of the claims expense					
End N	4,498	4,386	5,012	5,053	5,062
End N+1	4,495	4,380	4,937	5,164	
End N+2	4,476	4,485	4,885		
End N+3	4,498	4,404			
End N+4	4,478				
Claims expense	**4,478**	**4,404**	**4,885**	**5,164**	**5,062**
Cumulative claims payments	**3,798**	**3,830**	**4,034**	**3,759**	**2,317**
Outstanding claims reserves	**679**	**574**	**851**	**1,405**	**2,744**
Earned premiums	**6,292**	**6,420**	**6,551**	**6,821**	**6,821**
S/P	**71.2%**	**68.6%**	**74.6%**	**75.7%**	**74.2%**

The statement of claim trends shows changes in estimates of the gross claims expense per year of occurrence covering the years 2014 to 2018, i.e., changes in the initial estimates and discounted expense as at the balance sheet date.

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

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Note 25.6 Impact of the discount in actuarial reserves for non-life annuities by operating segment

Gross value

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Closing non-life annuity actuarial reserves (net of recoveries)	**2,303**	**21**	**2,324**	**2,320**	**23**	**2,343**
Closing non-life annuity actuarial reserves (net of recoveries) before change in discount rate	2,342	21	2,363	2,331	23	2,354
Closing non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,469	21	2,490	2,445	23	2,468
Technical interest	(127)		(127)	(114)		(114)
Impact of change in discount rate	(39)		(39)	(11)		(11)

Proportion ceded

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries)	**313**		**313**	**315**	**(1)**	**314**
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) before change in discount rate	315		315	315	(1)	315
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) excluding technical interest	323		323	323	(1)	322
Technical interest	(8)		(8)	(8)		(8)
Impact of change in discount rate	(1)		(1)	(1)		(1)

NOTE 26 TECHNICAL LIABILITIES RELATED TO FINANCIAL CONTRACTS

(in millions of euros)	31.12.2018	31.12.2017
Reserves on financial contracts with discretionary profit sharing		
Life technical reserves	12,209	12,956
Reserves on unit-linked policies	59	73
Outstanding claims reserves	104	107
Reserves for profit sharing	223	553
Other technical reserves		1
Total	**12,596**	**13,689**
Reserves on financial contracts without discretionary profit sharing		
Life technical reserve		
Reserves on unit-linked policies	148	163
Outstanding claims reserves	1	1
Reserves for profit sharing		
Other technical reserves		
Total	**148**	**165**
TOTAL	**12,744**	**13,854**

Note 26.1 Liabilities related to financial contracts (excluding unit-linked items) – by operating segment

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Life financial contract reserves	10,340	1,870	12,209	11,141	1,814	12,956
Outstanding claims reserves	91	14	105	94	14	108
Profit-sharing reserves	223		223	553		553
Other technical reserves				1		1
TOTAL	**10,654**	**1,884**	**12,538**	**11,790**	**1,828**	**13,618**

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

Note 26.2 Breakdown of liabilities related to financial contracts – by major category

(in millions of euros)	31.12.2018 Life financial contract reserves	31.12.2018 Gross outstanding claims reserves	31.12.2018 Total	31.12.2017 Life financial contract reserves	31.12.2017 Gross outstanding claims reserves	31.12.2017 Total
Single-premium policies						
Capitalisation	451	4	455	452	4	456
Individual insurance	11,083	82	11,165	11,864	84	11,948
Group policies	85		85	73		73
Other						
Total reserves for single-premium policies	**11,619**	**86**	**11,705**	**12,388**	**88**	**12,477**
Periodic-premium policies						
Capitalisation	46	7	54	55	7	62
Individual insurance	276	12	287	281	13	294
Group policies	265		265	228		228
Other	3		3	3		3
Total reserves for periodic premium policies	**590**	**19**	**609**	**567**	**20**	**587**
Inward reinsurance						
TOTAL LIFE INSURANCE RESERVES	**12,209**	**105**	**12,315**	**12,956**	**108**	**13,064**

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

(in millions of euros)	31.12.2018 France	31.12.2018 International	31.12.2018 Total	31.12.2017 France	31.12.2017 International	31.12.2017 Total
OPENING ACTUARIAL RESERVES	**42,864**	**2,614**	**45,478**	**43,597**	**2,917**	**46,514**
Premiums for the year	1,749	260	2,009	1,730	307	2,037
Interest credited	242	30	271	225	35	260
Profit sharing	739	23	762	684	23	707
Terms	(346)	(97)	(443)	(359)	(136)	(494)
Redemptions	(1,299)	(155)	(1,454)	(1,448)	(154)	(1,602)
Annuity arrears	(591)	(1)	(593)	(550)	(1)	(551)
Death benefits	(967)	(29)	(996)	(1,005)	(22)	(1,027)
Other movements including transfers	(264)	(14)	(279)	(11)	(355)	(366)
CLOSING ACTUARIAL RESERVES	**42,127**	**2,630**	**44,756**	**42,864**	**2,614**	**45,478**

NOTE 28 DEFERRED PROFIT SHARING LIABILITIES

	31.12.2018			31.12.2017		
(in millions of euros)	**France**	**International**	**Total**	**France**	**International**	**Total**
Reserve for deferred profit sharing of insurance policies	3,746	10	3,757	4,891	17	4,909
Reserve for deferred profit sharing of financial contracts		47	47		106	106
TOTAL	**3,746**	**57**	**3,804**	**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 31 December 2018 fall within a bracket of between 74.52% and 88.03%, with 83.50% for Groupama Gan Vie.

NOTE 29 DEBTS ARISING FROM INSURANCE OR INWARD REINSURANCE TRANSACTIONS

	31.12.2018				31.12.2017			
(in millions of euros)	**< 1 year**	**1 to 5 years**	**> 5 years**	**Total**	**< 1 year**	**1 to 5 years**	**> 5 years**	**Total**
Policyholders, intermediaries, and other third parties	627	2		629	577	3		580
Co-insurers	91			91	42	55		97
Current accounts – ceding and retroceding companies	113			113	55	3		58
TOTAL	**830**	**2**		**832**	**675**	**61**		**736**

NOTE 30 DEBTS ARISING FROM OUTWARD REINSURANCE TRANSACTIONS

	31.12.2018				31.12.2017			
(in millions of euros)	**< 1 year**	**1 to 5 years**	**> 5 years**	**Total**	**< 1 year**	**1 to 5 years**	**> 5 years**	**Total**
Outward reinsurer and retrocessionaire current accounts (1)	270	12		282	317	5		322
Other liabilities from reinsurance activities	90	1		91	103	3		105
TOTAL	**361**	**13**		**374**	**419**	**8**		**427**

(1) Including cash deposits received from reinsurers.

NOTE 31 CURRENT TAXES PAYABLE AND OTHER TAX LIABILITIES

	31.12.2018				31.12.2017			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Current tax liabilities	6			6	16			16
Other payables to the State and public authorities	104			105	106			107
TOTAL	**110**			**110**	**122**			**122**

Current tax liabilities totalled €6 million at 31 December 2018 for foreign companies.

Other tax liabilities for international subsidiaries amounted to €34 million at 31 December 2018.

NOTE 32 OTHER DEBT

Note 32.1 Other debt – by operating segment

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Due to employees	174	7	181	161	7	168
Social agencies	129	5	134	131	6	138
Other loans, deposits, and guarantees received	4,687	4	4,691	4,628	5	4,632
Other creditors	980	40	1,020	795	50	845
Other debts	240	27	267	263	24	288
TOTAL	**6,210**	**83**	**6,292**	**5,979**	**92**	**6,071**

Note that €4,586 million in debts on securities delivered under repurchase agreements appears in “Other loans, deposits, and guarantees received”.

Note 32.2 Other debt – by maturity

	31.12.2018				31.12.2017			
(in millions of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Due to employees	167		14	181	153		15	168
Social agencies	134			134	138			138
Other loans, deposits, and guarantees received	4,644	12	36	4,691	4,584	12	36	4,632
Other creditors	278	742		1,020	825	20		845
Other debts	267			267	288			288
TOTAL	**5,489**	**754**	**50**	**6,292**	**5,988**	**32**	**51**	**6,071**

Note 32.3 Other debt – by currency and rate

	31.12.2018			
	Currencies		Rate	
(in millions of euros)	Eurozone	Non-eurozone	Fixed rate	Variable rate
Due to employees	178	2	181	
Social agencies	134		134	
Other loans, deposits, and guarantees received	4,691		4,614	77
Other creditors	1,012	8	1,019	
Other debts	267		267	
TOTAL	**6,283**	**10**	**6,215**	**77**

NOTE 33 ANALYSIS OF PREMIUM INCOME

Note 33.1 Analysis of insurance premium income – by major category

(in millions of euros)	31.12.2018 France	31.12.2018 International	31.12.2018 Total	31.12.2017 France	31.12.2017 International	31.12.2017 Total
Individual retirement savings	1,826	458	2,284	1,739	529	2,268
Individual protection insurance	419	128	547	407	124	531
Individual health	392	59	451	390	63	454
Other	94		94	111		111
Individual life and health insurance	**2,731**	**645**	**3,376**	**2,647**	**717**	**3,364**
Group retirement savings	321	39	359	195	30	225
Group protection scheme	562	51	613	525	63	588
Group health	730	26	756	639	22	662
Other	213		213	201		201
Group life and health insurance	**1,826**	**116**	**1,942**	**1,561**	**115**	**1,676**
LIFE AND HEALTH INSURANCE	**4,557**	**761**	**5,318**	**4,208**	**832**	**5,040**
Motor	937	1,073	2,010	930	1,073	2,004
Other vehicles	44		44	48		48
Home insurance	635	199	833	611	193	804
Retail and professional property and casualty	343	14	357	339	15	354
Construction	87		87	87		87
Private and professional	**2,046**	**1,286**	**3,332**	**2,016**	**1,281**	**3,297**
Fleets	256	53	309	263	20	283
Business and municipal property	249	187	436	251	187	438
Businesses and local authorities	**505**	**240**	**745**	**514**	**207**	**721**
Agricultural risks	229	121	350	230	152	382
Climate risks	170		170	169		169
Tractors and farming equipment	117		117	118		118
Agricultural business lines	**516**	**121**	**637**	**517**	**152**	**669**
Other business lines	379	65	445	357	71	428
PROPERTY AND CASUALTY INSURANCE	**3,447**	**1,712**	**5,159**	**3,404**	**1,710**	**5,114**
TOTAL	**8,003**	**2,473**	**10,477**	**7,612**	**2,542**	**10,154**

Note 33.2 Analysis of financial businesses contributing to premium income

(in millions of euros)	31.12.2018	31.12.2017
Interest and related income		
Commissions (income)	170	146
Gains on financial instruments at fair value through income		
Gains on available-for-sale financial assets	1	1
Income from other business activities	2	3
TOTAL	**173**	**150**

Revenue from financial businesses shown in the consolidated financial statements corresponds to banking income before taking into account refinancing costs.

Note 33.3 Analysis of premium income – by business

	31.12.2018					31.12.2017				
(in millions of euros)	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	4,557	3,447	173	8,176	77%	4,208	3,404	150	7,762	75%
Southern Europe	551	1,334		1,885	18%	622	1,353		1,975	19%
CEEC	210	379		589	6%	210	357		567	6%
TOTAL	**5,318**	**5,159**	**173**	**10,650**	**100%**	**5,040**	**5,114**	**150**	**10,304**	**100%**

The geographic areas are broken down as follows:

- France;
- Southern Europe: Italy, Greece, Turkey;
- Central and Eastern European countries (CEEC): Bulgaria, Hungary, and Romania.

NOTE 34 INVESTMENT INCOME NET OF MANAGEMENT EXPENSES

Note 34.1 Investment income net of investment expenses – by operating segment

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Interest on deposits and financial investments income	1,660	211	1,870	1,682	220	1,902
Gains on foreign exchange transactions	48	10	57	45	10	56
Income from differences on redemption prices to be received (premium-discount)	109	3	112	102	3	105
Income from property	86		87	96		96
Other investment income						
Investment income	**1,903**	**223**	**2,126**	**1,926**	**233**	**2,158**
Interest received from reinsurers	(1)		(1)	(3)		(4)
Losses on foreign exchange transactions	(31)	(8)	(39)	(56)	(8)	(64)
Amortisation of differences on redemption prices (premium/discount)	(222)	(29)	(250)	(243)	(32)	(275)
Impairment and reserves on property	(41)	(1)	(43)	(43)	(4)	(48)
Management expenses	(308)	(15)	(323)	(309)	(12)	(321)
Investment expenses	**(603)**	**(53)**	**(656)**	**(655)**	**(56)**	**(711)**
Held for trading	(49)	13	(36)	(9)		(9)
Available-for-sale	112	6	118	158	20	178
Held to maturity						
Other	347	1	349	215	1	216
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**410**	**20**	**431**	**364**	**21**	**384**
Held for trading	(85)	(33)	(118)	(10)	15	4
Derivatives	63		62	129		129
Adjustments on unit-linked policies	(708)	(22)	(730)	507	16	523
Change in fair value of financial instruments recorded at fair value by income	**(730)**	**(55)**	**(785)**	**626**	**31**	**657**
Available-for-sale	(3)	(1)	(4)	(12)		(12)
Held to maturity						
Receivables and loans	1		1	2		2
Change in impairment losses on financial instruments	**(3)**	**(1)**	**(3)**	**(10)**		**(10)**
TOTAL	**978**	**135**	**1,112**	**2,250**	**228**	**2,479**

Note 34.2 Investment income net of management expenses (income breakdown by type of asset)

	31.12.2018					31.12.2017				
(in millions of euros)	Income and expenses	Proceeds from disposal (1)	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds from disposal (1)	Change in fair value	Change in reserves	Total
Property	55	349		(11)	393	63	216		(15)	264
Equities	49	28	(1)	(4)	74	53	145		(12)	186
Bonds	1,362	67	(31)		1,398	1,397	24	12		1,434
Equity mutual funds	125	36	(59)		101	94	10			104
UCITS: Cash and cash equivalents (repurchase transactions)		(15)	(2)		(17)		(15)	(1)		(16)
Other cash mutual funds		(9)	(3)		(12)		(7)	(1)		(8)
Bond mutual funds	42	(33)	(40)		(31)	52	6	25		83
Derivatives			62		62			129		129
Other investment income	211	7	18	1	236	192	5	(30)	2	170
Investment income	**1,844**	**431**	**(55)**	**(14)**	**2,205**	**1,851**	**384**	**134**	**(25)**	**2,344**
Internal and external management expenses	(315)				(315)	(308)				(308)
Other investment expenses	(49)				(49)	(80)				(80)
Investment expenses	**(363)**				**(363)**	**(389)**				**(389)**
Investment income, net of expenses	**1,481**	**431**	**(55)**	**(14)**	**1,842**	**1,462**	**384**	**134**	**(25)**	**1,955**
Capital gains on securities representing unit-linked policies			344		344			644		644
Capital losses on securities representing unit-linked policies			(1,074)		(1,074)			(121)		(121)
Adjustment on unit-linked policies			**(730)**		**(730)**			**523**		**523**
TOTAL	**1,481**	**431**	**(785)**	**(14)**	**1,112**	**1,462**	**384**	**657**	**(25)**	**2,479**

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

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Note 34.2.1 Investment income net of management expenses (income breakdown by type of asset) – France

(in millions of euros)	31.12.2018 Income and expenses	Proceeds from disposal [(1)]	Change in fair value	Change in reserves	Total	31.12.2017 Income and expenses	Proceeds from disposal [(1)]	Change in fair value	Change in reserves	Total
Property	56	347		(11)	392	65	215		(12)	267
Equities	48	26		(3)	71	52	143		(12)	183
Bonds	1,194	64	(30)		1,228	1,220	11	13		1,243
Equity mutual funds	119	18	(37)		101	87	7	(22)		72
UCITS: Cash and cash equivalents (repurchase transactions)		(15)	(2)		(17)		(15)	(1)		(16)
Other cash mutual funds		(9)	(3)		(11)		(6)	(1)		(7)
Bond mutual funds	37	(28)	(38)		(28)	47	6	25		78
Derivatives			63		63			129		129
Other investment income	196	6	25	1	227	182	3	(23)	2	164
Investment income	**1,651**	**410**	**(22)**	**(14)**	**2,025**	**1,651**	**364**	**119**	**(22)**	**2,112**
Internal and external management expenses	(307)				(307)	(300)				(300)
Other investment expenses	(33)				(33)	(68)				(68)
Investment expenses	**(340)**				**(340)**	**(368)**				**(368)**
Investment income, net of expenses	**1,311**	**410**	**(22)**	**(14)**	**1,685**	**1,283**	**364**	**119**	**(22)**	**1,743**
Capital gains on securities representing unit-linked policies			337		337			618		618
Capital losses on securities representing unit-linked policies			(1,045)		(1,045)			(111)		(111)
Adjustment on unit-linked policies			**(708)**		**(708)**			**507**		**507**
TOTAL	**1,311**	**410**	**(730)**	**(14)**	**978**	**1,283**	**364**	**626**	**(22)**	**2,250**

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

Note 34.2.2 Investment income net of management expenses (income breakdown by type of asset) – International

(in millions of euros)	31.12.2018					31.12.2017				
	Income and expenses	Proceeds from disposal [(1)]	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds from disposal [(1)]	Change in fair value	Change in reserves	Total
Property	(2)	1			0	(2)	1		(2)	(3)
Equities	1	2	(1)		3	1	2			3
Bonds	168	3	(1)		170	178	13			191
Equity mutual funds	6	18	(23)		1	7	3	22		32
UCITS: Cash and cash equivalents (repurchase transactions)										
Other cash mutual funds		(1)			(1)					(1)
Bond mutual funds	5	(5)	(2)		(2)	5				5
Derivatives										
Other investment income	15	2	(7)		9	10	2	(7)		6
Investment income	**193**	**20**	**(33)**		**180**	**199**	**21**	**15**	**(2)**	**232**
Internal and external management expenses	(8)				(8)	(8)				(8)
Other investment expenses	(15)				(15)	(12)				(12)
Investment expenses	**(23)**				**(23)**	**(20)**				**(20)**
Investment income, net of expenses	**170**	**20**	**(33)**		**157**	**179**	**21**	**15**	**(2)**	**212**
Capital gains on securities representing unit-linked policies			7		7			26		26
Capital losses on securities representing unit-linked policies			(29)		(29)			(10)		(10)
Adjustment on unit-linked policies			**(22)**		**(22)**			**16**		**16**
TOTAL	**170**	**20**	**(55)**		**135**	**179**	**21**	**31**	**(2)**	**228**

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

NOTE 35 INSURANCE POLICY SERVICING EXPENSES

Note 35.1 Insurance policy servicing expenses – by operating segment

(in millions of euros)	31.12.2018 France	31.12.2018 International	31.12.2018 Total	31.12.2017 France	31.12.2017 International	31.12.2017 Total
Claims						
Paid to policyholders	(7,181)	(1,751)	(8,932)	(7,079)	(1,852)	(8,931)
Change in technical reserves						
Outstanding claims reserves	(122)		(122)	(555)	157	(398)
Actuarial reserves	1,952	24	1,976	1,840	34	1,874
Unit-linked reserves	137	33	169	(896)	(62)	(957)
Profit sharing	(1,156)	(52)	(1,209)	(1,304)	(90)	(1,394)
Other technical reserves	4	(6)	(2)	(47)	(2)	(49)
TOTAL	**(6,366)**	**(1,753)**	**(8,119)**	**(8,040)**	**(1,814)**	**(9,855)**

Note 35.2 Insurance policy servicing expenses – by business

Note 35.2.1 Insurance policy servicing expenses by business – France

(in millions of euros)	31.12.2018 Property & casualty insurance	31.12.2018 Life & health insurance	31.12.2018 Total	31.12.2017 Property & casualty insurance	31.12.2017 Life & health insurance	31.12.2017 Total
Claims						
Paid to policyholders	(2,168)	(5,013)	(7,181)	(2,048)	(5,030)	(7,079)
Change in technical reserves						
Outstanding claims reserves	(62)	(60)	(122)	(508)	(47)	(555)
Actuarial reserves		1,952	1,952		1,840	1,840
Unit-linked reserves		137	137		(896)	(896)
Profit sharing	(1)	(1,155)	(1,156)		(1,304)	(1,304)
Other technical reserves	8	(4)	4	(9)	(39)	(47)
TOTAL	**(2,223)**	**(4,142)**	**(6,366)**	**(2,565)**	**(5,475)**	**(8,040)**

Note 35.2.2 Insurance policy servicing expenses by business – International

	31.12.2018			31.12.2017		
(in millions of euros)	Property & casualty insurance	Life & health insurance	Total	Property & casualty insurance	Life & health insurance	Total
Claims						
Paid to policyholders	(1,136)	(614)	(1,751)	(1,238)	(615)	(1,852)
Change in technical reserves						
Outstanding claims reserves	22	(22)	0	174	(17)	157
Actuarial reserves		24	24		34	34
Unit-linked reserves		33	33		(62)	(62)
Profit sharing		(52)	(52)		(90)	(90)
Other technical reserves	(3)	(3)	(6)	3	(5)	(2)
TOTAL	**(1,117)**	**(636)**	**(1,753)**	**(1,060)**	**(754)**	**(1,814)**

NOTE 36 OUTWARD REINSURANCE INCOME (EXPENSES)

Note 36.1 Outward reinsurance income (expenses) – by operating segment

	31.12.2018						
	France			International			
(in millions of euros)	Property & casualty insurance	Life & health insurance	Total	Property & casualty insurance	Life & health insurance	Total	Total
Acquisition and administrative costs	27	6	33	18		19	52
Claims charges	96	62	158	20	3	24	182
Change in technical reserves	5	(3)	2				2
Profit sharing		5	5				4
Change in the equalisation reserve							
Income from outward reinsurance	**128**	**70**	**198**	**39**	**3**	**42**	**240**
Outward premiums	(408)	(92)	(501)	(117)	(4)	(121)	(621)
Change in unearned premiums				(1)		(1)	(1)
Expenses on outward reinsurance	**(408)**	**(92)**	**(501)**	**(118)**	**(4)**	**(121)**	**(622)**
TOTAL	**(280)**	**(23)**	**(303)**	**(79)**	**0**	**(79)**	**(382)**

	31.12.2017						
	France			International			
(in millions of euros)	Property & casualty insurance	Life & health insurance	Total	Property & casualty insurance	Life & health insurance	Total	Total
Acquisition and administrative costs	47	7	54	25		25	79
Claims charges	488	61	549	2	3	5	554
Change in technical reserves	(106)	8	(98)				(98)
Profit sharing							
Change in the equalisation reserve							
Income from outward reinsurance	**429**	**76**	**505**	**27**	**3**	**30**	**535**
Outward premiums	(397)	(94)	(492)	(144)	(4)	(148)	(640)
Change in unearned premiums				3		3	3
Expenses on outward reinsurance	**(397)**	**(94)**	**(491)**	**(142)**	**(3)**	**(145)**	**(636)**
TOTAL	**32**	**(18)**	**13**	**(115)**	**0**	**(115)**	**(101)**

NOTE 37 OPERATING EXPENSES

Note 37.1 Operating expenses – by operating segment

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
External expenses	(489)	(85)	(573)	(441)	(86)	(528)
Taxes	(117)	(26)	(143)	(115)	(24)	(138)
Personnel expenses	(704)	(146)	(851)	(695)	(150)	(845)
Commissions	(1,053)	(403)	(1,455)	(1,028)	(398)	(1,426)
Amortisation and reserves (net of write-backs)	(66)	(25)	(91)	(63)	(27)	(89)
Other expenses	(29)	(36)	(65)	(31)	(47)	(78)
TOTAL OPERATING EXPENSES BY NATURE	**(2,457)**	**(721)**	**(3,179)**	**(2,374)**	**(731)**	**(3,105)**

The Company receives the tax credit for competitiveness and employment (CICE) calculated in accordance with Article 244 *quater* C of the French General Tax Code at 6%. For fiscal year 2018, the CICE amounted to €6 million.

The use of this tax credit particularly permitted the financing of:

- actions to improve the competitiveness of the Group's companies through investments relating to business prospecting, improvement of customer satisfaction, and reinforcement of technical analysis and management procedures;
- IT and process developments related to the use of new technologies;
- employee training;
- actions related to sustainable development.

Note 37.2 Operating expenses – by business sector

(in millions of euros)	31.12.2018			31.12.2017		
	Insurance	Financial businesses	Total	Insurance	Financial businesses	Total
External expenses	(532)	(41)	(573)	(487)	(41)	(528)
Taxes	(137)	(6)	(143)	(132)	(6)	(138)
Personnel expenses	(790)	(60)	(851)	(786)	(60)	(845)
Commissions	(1,455)		(1,455)	(1,426)		(1,426)
Amortisation and reserves (net of write-backs)	(87)	(4)	(91)	(86)	(3)	(89)
Other expenses	(53)	(13)	(65)	(68)	(11)	(78)
TOTAL OPERATING EXPENSES BY NATURE	**(3,054)**	**(124)**	**(3,179)**	**(2,985)**	**(120)**	**(3,105)**

Note 37.3 Breakdown of employee expenses

(in millions of euros)	31.12.2018	31.12.2017
Salaries	(518)	(509)
Social security expenses	(191)	(195)
Post-employment benefits		
Defined contribution plans	(47)	(47)
Defined benefit plans	(7)	(5)
Anniversary days and employee awards	(2)	(4)
Other personnel benefits	(85)	(85)
ANNUAL SALARY EXPENSES	**(851)**	**(845)**

At 31 December 2018, the gross annual remuneration (including benefits in kind) paid to members of the Groupama Assurances Mutuelles Committee was €7.1 million. As regards the pension plan, the total commitment at 31 December 2018 amounted to €17.2 million.

NOTE 38 POLICY ACQUISITION COSTS

Note 38.1 Policy acquisition costs – by operating segment

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Commissions	(614)	(351)	(965)	(588)	(345)	(933)
Change in deferred acquisition costs	(2)	3	1	(4)	(2)	(6)
Other expenses	(238)	(96)	(333)	(221)	(89)	(311)
TOTAL	**(854)**	**(443)**	**(1,297)**	**(814)**	**(437)**	**(1,250)**

Note 38.2 Policy acquisition costs – by business

Note 38.2.1 Policy acquisition costs by business – France

	31.12.2018			31.12.2017		
(in millions of euros)	Property & casualty insurance	Life & health insurance	Total	Property & casualty insurance	Life & health insurance	Total
Commissions	(419)	(195)	(614)	(409)	(179)	(588)
Change in deferred acquisition costs		(2)	(2)	2	(6)	(4)
Other expenses	(68)	(169)	(238)	(65)	(157)	(221)
TOTAL	**(487)**	**(367)**	**(854)**	**(472)**	**(342)**	**(814)**

Note 38.2.2 Policy acquisition costs by business – International

	31.12.2018			31.12.2017		
(in millions of euros)	Property & casualty insurance	Life & health insurance	Total	Property & casualty insurance	Life & health insurance	Total
Commissions	(271)	(80)	(351)	(262)	(84)	(345)
Change in deferred acquisition costs	4	(1)	3	(1)	(1)	(2)
Other expenses	(72)	(23)	(96)	(65)	(24)	(89)
TOTAL	**(339)**	**(104)**	**(443)**	**(328)**	**(109)**	**(437)**

NOTE 39 ADMINISTRATIVE COSTS

Note 39.1 Administrative costs – by operating segment

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Commissions	(244)	(18)	(262)	(235)	(24)	(259)
Other expenses	(166)	(112)	(278)	(151)	(120)	(271)
TOTAL	**(409)**	**(130)**	**(540)**	**(386)**	**(144)**	**(530)**

Note 39.2 Administrative costs – by business

Note 39.2.1 Administrative costs by business – France

	31.12.2018			31.12.2017		
(in millions of euros)	Property & casualty insurance	Life & health insurance	Total	Property & casualty insurance	Life & health insurance	Total
Commissions	(163)	(81)	(244)	(166)	(69)	(235)
Other expenses	(94)	(72)	(166)	(86)	(64)	(151)
TOTAL	**(257)**	**(153)**	**(409)**	**(252)**	**(133)**	**(386)**

Note 39.2.2 Administrative costs by business – International

	31.12.2018			31.12.2017		
(in millions of euros)	Property & casualty insurance	Life & health insurance	Total	Property & casualty insurance	Life & health insurance	Total
Commissions	(12)	(6)	(18)	(16)	(8)	(24)
Other expenses	(77)	(35)	(112)	(80)	(40)	(120)
TOTAL	**(89)**	**(41)**	**(130)**	**(97)**	**(47)**	**(144)**

NOTE 40 OTHER INCOME AND EXPENSES FROM CURRENT OPERATIONS

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Commissions and other operating expenses, Life	(221)	(9)	(230)	(207)	(11)	(217)
Employee profit sharing, Life	(1)		(1)	(3)		(3)
Other operating income, Life	3	7	10	3	8	11
Transfer of operating expenses and capitalised production, Life	14		14	16		16
Total income and expenses from current operations, Life	**(205)**	**(2)**	**(207)**	**(191)**	**(3)**	**(193)**
Non-life commissions and other operating expenses	(339)	(73)	(412)	(350)	(73)	(424)
Employee profit sharing, Non-life	(1)		(1)	(1)		(1)
Other non-life operating income	144	3	147	134	3	137
Transfer of Non-life operating expenses and capitalised production	13		13	9		9
Total income and expenses from current operations, Non-life	**(183)**	**(70)**	**(253)**	**(208)**	**(70)**	**(279)**
Other non-operating expenses	(178)	(17)	(195)	(186)	(22)	(208)
Other non-operating income	43	16	59	44	20	64
Total income and expenses from current operations, Non-technical	**(135)**	**(1)**	**(136)**	**(142)**	**(1)**	**(143)**
Total other income and expenses from current operations, Banking						
TOTAL	**(523)**	**(73)**	**(596)**	**(541)**	**(74)**	**(615)**

NOTE 41 OTHER INCOME AND EXPENSES FROM NON-CURRENT OPERATIONS

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Income from non-current operations	111	12	123	53		54
Expenses from non-current operations	(118)	(36)	(154)	(182)	(21)	(203)
Allocation to the reserve for goodwill					(58)	(58)
TOTAL	**(7)**	**(24)**	**(31)**	**(129)**	**(79)**	**(208)**

This includes, in particular:

- amortisation of portfolio securities totalling €16 million at 31 December 2018;
- an IT project representing an expense of €18 million at 31 December 2018.

NOTE 42 FINANCING EXPENSES

(in millions of euros)	31.12.2018	31.12.2017
TSR bonds	(85)	(88)
TSDI bonds		
Other financing expenses		
TOTAL	**(85)**	**(88)**

NOTE 43 BREAKDOWN OF TAX EXPENSES

Note 43.1 Breakdown of tax expenses – by operating segment

	31.12.2018			31.12.2017		
(in millions of euros)	France	International	Total	France	International	Total
Current taxes	(64)	(7)	(71)	(1)	(16)	(17)
Deferred taxes	(43)	7	(37)	17	(7)	11
TOTAL	**(107)**	**0**	**(107)**	**16**	**(23)**	**(6)**

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.

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Note 43.2 Reconciliation between total accounting tax expense and theoretical tax expense calculations

(in millions of euros)	31.12.2018	31.12.2017
THEORETICAL TAX EXPENSE	**(158)**	**15**
Impact of expenses or income defined as non-deductible or non- taxable	53	(95)
Impact of differences in tax rate	(1)	74
Tax credit and various charges		
Charges of prior deficits		
Losses for the fiscal year not capitalised		
Deferred tax assets not accounted for		
Other differences	(2)	
EFFECTIVE TAX EXPENSE	**(107)**	**(6)**

Overall, income tax corresponded to an expense (deferred tax plus social tax) of €107 million at 31 December 2018, versus an expense of €6 million at 31 December 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:

	31.12.2018		31.12.2017	
(in millions of euros)	Consolidated income (losses) before tax	Theoretical tax rate	Consolidated income (losses) before tax	Theoretical tax rate
France	423	current tax: 34.43% deferred tax: 32.02%	31	34.43%
Bulgaria	1	10.00%	1	10.00%
China	4	25.00%	6	25.00%
Greece	15	28.00%	13	29.00%
Hungary	25	9.00%	17	9.00%
Italy	(54)	30.82%	52	30.82%
Portugal			(2)	22.50%
Romania	2	16.00%	10	16.00%
United Kingdom		19.00%	13	19.25%
Tunisia	1	30.00%	1	30.00%
Turkey	21	22.00%	(47)	20.00%
TOTAL	**438**		**94**	

The theoretical tax rate applicable in France remains at 34.43% on current tax and stands at 32.02% on deferred tax. 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.

NOTE 44 RELATED PARTIES

1 General presentation

Groupama Assurances Mutuelles and its subsidiaries maintain close, long-lasting economic relationships with the regional mutuals. These relationships focus mainly on the reinsurance of the regional mutuals by Groupama Assurances Mutuelles, and, to a lesser degree, on business relationships amongst the subsidiaries of Groupama Assurances Mutuelles and the regional mutuals in the areas of insurance, banking, and services.

Premium income earned by Groupama Assurances Mutuelles and its consolidated subsidiaries through the network of regional mutuals comes mainly from Groupama Assurances Mutuelles and Groupama Gan Vie. Based on these two entities, the contribution of the network of regional mutuals to consolidated premium income totalled €3,138 million, or 30% of total consolidated premium income for 2018.

The resulting economic inter-dependence led the Group's two major divisions to enter into agreements to protect the security of the entity as a whole.

1.1 Reinsurance

Regional mutuals are required by law to obtain reinsurance exclusively from Groupama Assurances Mutuelles.

This requirement is laid down in the bylaws of the regional mutuals. This reinsurance exclusivity engenders financial solidarity over time, resulting in a transfer of a substantial proportion of the non-life insurance business from the regional mutuals to Groupama Assurances Mutuelles.

The reinsurance relationship is based on the principle of "shared future" between the regional mutuals as ceding companies and their reinsurer Groupama Assurances Mutuelles. The principle aims to ensure that over the long term, there are neither winners nor losers between ceding companies and their reinsurer.

Implementing this principle means a major use of quota share reinsurance and the reinsurer's participation in the direct insurance management decisions which determine the financial return for the whole.

Thus, Groupama Assurances Mutuelles either helps to draft the technical terms and conditions for direct insurance, particularly regarding rates, or else it drafts those conditions itself depending on the nature of the risks being reinsured.

In addition, Groupama Assurances Mutuelles may participate in the handling of any claims file and jointly manages any claim with an estimated cost that exceeds certain thresholds.

Also under the reinsurance agreement, there is a certain number of mechanisms for quickly rectifying any imbalances.

The shared future arrangement introduced between the regional mutuals and Groupama Assurances Mutuelles also contributes to certain specific expenses in expanding insurance portfolios (project financing, experimentation, joint ventures, etc.) once those projects become part of the Group's strategy and have the potential to be replicated throughout the regional mutuals, as quota share reinsurance gives Groupama Assurances Mutuelles the means to contribute to the future results of the portfolios thus expanded.

This reinsurance relationship is designed to continue over the long term, and the duration of the reinsurance agreement between Groupama Assurances Mutuelles and the regional mutuals is equal to that of Groupama Assurances Mutuelles itself, which, unless extended, will expire in 2086. Any modifications to the agreement must be made *via* a consensus-based decision-making process, whereby final approval lies with the Groupama Assurances Mutuelles Board of Directors, after receiving the recommendation of the Audit and Risk Management Committee.

This reinsurance relationship has led to a powerful community of interests between the regional mutuals and Groupama Assurances Mutuelles. On the one hand, the regional mutuals have a vital interest in preserving the economic and financial balance of their exclusive reinsurer. On the other hand, Groupama Assurances Mutuelles has a major interest not only in the economic and financial balance of the mutuals, but also in their growth, in which it participates in proportion to the non-life insurance business transferred.

The reinsurance agreement is described in more detail at § 2.1.

1.2 Business relationships between the subsidiaries of Groupama Assurances Mutuelles and the regional mutuals in the areas of insurance and services

Groupama Assurances Mutuelles and the regional mutuals enjoy business relationships through various subsidiaries of Groupama Assurances Mutuelles. The role of these subsidiaries is either to offer products or services designed for members and customers in the areas of insurance, banking or services, or to provide financial resources to the entities of the Group.

These business relationships are governed by a principle of preference for the Group up to and including exclusivity, which is based on the interest of the regional mutuals in meeting their needs for products or services and in achieving a return on the investments made in the subsidiaries through Groupama Assurances Mutuelles.

The preferential nature of these relationships is laid out in an agreement approved by the Groupama Assurances Mutuelles Board of Directors in its meeting of 14 December 2005.

Under that agreement, the respective commitments of Groupama Assurances Mutuelles and the regional mutuals are:

- Groupama Assurances Mutuelles shall ensure that the subsidiaries offer products or services that meet the needs of the market (*i.e.,* products or services designed for members or customers) or the needs of the entities of the Group (*i.e.,* financial services designed for the Group entities) and that are competitive compared to the products offered by competing companies in terms of price and quality of service;
- the regional mutuals agree to the following:
  - concerning the subsidiaries offering products or services designed for members and customers:
    - not to distribute, under any circumstances, competing third-party products or services,
    - to distribute the products or services of the life insurance and employee savings subsidiaries,
    - to distribute the services of the non-life insurance subsidiaries or those of the insurance-related services subsidiaries if they themselves do not offer those services and decide to outsource them,
  - concerning subsidiaries offering financial services designed for the Group entities:
    - to give preference to those subsidiaries in terms of equal price and quality of service.

The creation and growth of subsidiaries offering insurance services or related services to members and customers of the Group are in response to the need for the regional mutuals, whose main business is limited by law to non-life insurance, to have a full range of financial services to offer while sharing amongst themselves through Groupama Assurances Mutuelles the investment required to create and run a profitable subsidiary.

Such is the case for the life insurance products of Groupama Gan Vie, the services offered by Groupama Épargne Salariale and a number of service subsidiaries (Mutuaide, CapsAuto, FMB, etc.).

It is in the interests of Groupama Assurances Mutuelles to make these investments, for three reasons:

- owing to their intrinsic return going forward;
- owing to the community of interests between it and the regional mutuals because of reinsurance, Groupama Assurances Mutuelles either benefits or suffers from any progress or setback in the position of the regional mutuals in the non-life insurance market. It is therefore in its direct interest for the regional mutuals to have a competitive offering in other sectors of the market (life insurance, financial services, etc.) so it can be on an equal footing with the other general insurance companies active in the market or with bancassurance companies;
- the investments made in those subsidiaries enable the subsidiaries of Groupama Assurances Mutuelles distributing the Gan brand to have a services offering as well; such is the case of retail banking, employee savings, insurance-related services, etc.

It should be noted that until October 2016, Groupama Assurances Mutuelles held 100% of the capital of Groupama Banque, whose retail banking offer was marketed by the regional mutuals. Since October 2016, Groupama Assurances Mutuelles holds only a 35% stake in Groupama Banque, now Orange Bank. The regional mutuals continue to distribute the retail banking offering of this Groupama Assurances Mutuelles investment.

1.3 Security systems

(a) The Groupama brand

The Groupama brand is solely owned by Groupama Assurances Mutuelles, which grants user licences to its regional mutuals and subsidiaries. Groupama Assurances Mutuelles can therefore guarantee that the brand is properly managed and provide protection for one of the Group's critical assets.

(b) Agreement for a security and solidarity system

On 17 December 2003, Groupama Assurances Mutuelles and the regional mutuals signed an agreement, amended by various additional clauses, for a security and solidarity system, aimed at guaranteeing the security and the financial equilibrium of all the regional mutuals and Groupama Assurances Mutuelles and to arrange for solidarity.

By virtue of its new role as central body of the network of agricultural mutual insurance and reinsurance companies or mutuals, Groupama Assurances Mutuelles has the legal responsibility of ensuring the cohesion and smooth running of the network. It has administrative, technical and financial control over the organisation and management of the organisations within the network. It determines its strategic policies, issues any relevant instructions to this effect and oversees their successful implementation. It also takes any requisite measures to guarantee the solvency of not only each organisation within the network but of the Group as a whole, and to ensure they comply with all their respective obligations.

The agreement has been adapted to reflect these new circumstances. It is fundamentally a three-part agreement:

INSTRUCTIONS FROM THE CENTRAL BODY

The agreement defines the scope and system for issuing instructions, these being one of the methods available to the central body for performing its role.

AUDITS

The agreement allows Groupama Assurances Mutuelles to conduct audits to verify the current and future economic and financial balances of each regional mutual, compliance with regulatory requirements and with the reinsurance agreement. It may also, in certain conditions, conduct an audit following a loss or non-compliance with an instruction.

FINANCIAL SOLIDARITY PLAN

As part of the entry into force on 1 January 2016 of Solvency 2 and the Group prudential notion ensuring the fungibility of equity within the Group, the agreement was adjusted by replacing the previously planned solidarity fund with a new solidary mechanism better meeting the constraints set by Solvency 2.

The new mechanism thus institutes a monthly guarantee between Groupama Insurance and the regional mutuals aiming to allow Groupama Insurance or the regional mutuals to respect their coverage ratio at all times and to cover any insufficiency of cover.

In addition, the duration of the agreement has been revised to better meet the objectives of long-term relationships between Groupama Assurances Mutuelles and the regional mutuals through this agreement.

(c) Agreements Committee

An Agreements Committee, a study committee of the Groupama Assurances Mutuelles Board of Directors, was set up in 2005 as part of the possible opening of Groupama SA's capital. Its main role was to prevent any potential conflict of interest between the regional mutuals or between Groupama Assurances Mutuelles and its subsidiaries likely to result from their business relationships in view of protecting the interests of minority shareholders.

Since the conversion of the Company into an national Agricultural Reinsurance Mutual and the corresponding cancellation of any shareholding, there has been no real need for an Agreements Committee. Accordingly, the Board of Directors of Groupama Assurances Mutuelles decided on 7 June 2018 to eliminate it and to replace it with a Strategy Committee, while assigning some of its duties to the Audit and Risk Management Committee (examination of possible amendments to the reinsurance agreement and the agreement for a security and solidarity system, financing of major national programmes, in particular mutual certificates).

2 Agreements between Groupama Assurances Mutuelles and its subsidiaries and the regional mutuals

2.1 The reinsurance agreement

The need for reinsurance has been behind the ties forged among the Groupama mutuals since they were founded more than a century ago. The geographical district covered by the mutuals, which at the time was limited to one or two French departments, led them to seek compensation for the risks taken at the national level in order to expand, following the example of the growth achieved by the large rival insurance companies. Thus, as time went on, an Internal Reinsurance system grew up amongst the Regional Insurance Mutuals and a Central Mutual, whose reinsurance role is now assumed by Groupama Assurances Mutuelles.

The reinsurance of the regional mutuals by Groupama Assurances Mutuelles is intended, through an internal pooling of risks, to give each mutual, within its district, underwriting capabilities equivalent to those enjoyed by a single company covering the entire territory. It also limits the use of outside reinsurance to what would be needed by such a company.

In order to achieve this objective, the regional mutuals are reinsured within a common framework set by general regulations and not by individual reinsurance treaties. This agreement, which was designed a long time ago, is based on a certain number of founding principles that have outlasted the adjustments made to it over time.

(a) Permanent principles and amendments to the reinsurance agreement

The permanent principles are:

- reinsurance exclusively with Groupama Assurances Mutuelles;

- the reinsurance conditions laid down by the agreement are developed by consultative bodies whose members are from Groupama Assurances Mutuelles and all the mutuals. These conditions apply to all the regional mutuals;
- shared future among the mutuals and their internal reinsurer: all risks without exception are subject to outward reinsurance particularly as quota share outward reinsurance, which enables Groupama Assurances Mutuelles to participate in the business growth of the mutuals, including in those divisions where reinsurance is not technically indispensable (health insurance, for example); in consideration, Groupama Assurances Mutuelles automatically provides the mutuals with reinsurance when they embark on new, less well-known ventures (multi-risk crop insurance, long-term care insurance, etc.) by calculating the insurance terms and conditions regardless;
- retrocession to the regional mutuals by Groupama Assurances Mutuelles of a portion of the general profit/loss from its inward reinsurance business, which reduces the need for reinsurance outside the Group and involves all the mutuals in balancing the outward reinsurance business with Groupama Assurances Mutuelles.

Any amendment to the structural parameters of the reinsurance agreement and its schedules (rate of quota share, commission rates and loading rate by risk family, thresholds and floors for excess claims beyond their annual monetary indexation and additional retentions, predefined algorithms used in the calculation of the pricing of non-proportional protections, modulation of the premium bases for storm protections according to the risk exposure of each mutual) must be made in the form of a written rider and approved by the Groupama Assurances Mutuelles regional mutuals *via* the following procedure:

- proposed amendments are drafted by a reinsurance working group made up of representatives of Groupama Assurances Mutuelles and the regional mutuals;
- subject to the approval of the Chief Executive Officer of Groupama Assurances Mutuelles, they are submitted for the agreement of the Chief Executive Officers of the regional mutuals;
- lastly, they are presented by the Groupama Assurances Mutuelles Chief Executive Officer to the meeting of the Groupama Assurances Mutuelles Board of Directors, which is as asked to approve the proposed amendments by a simple majority vote, after seeking the recommendations of the Audit and Risk Management Committee.

The amendments made to the reinsurance agreement over the past two decades were prompted by one of two factors:

- changes in the structure of the mutuals (successive combinations, opening up the membership and takeover of the non-agricultural risk portfolio previously managed by the Samda subsidiary) that changed their size and therefore their holding capacity;
- certain risk categories (major weather-related events, imbalance in industrial risks, etc.) required greater empowerment of the mutuals in terms of underwriting control and the costs of claims by increasing their holdings in those areas.

In particular, after examination and approval of the project by the Group Executive Committee, the proposal by the Executive Management of Groupama Assurances Mutuelles to modify the General Reinsurance Regulations of the regional mutuals with effect from 1 January 2014, so that it supports the major objective of recovery of the Group's operational profitability, was accepted by the Groupama Assurances Mutuelles Board of Directors on 12 December 2013.

The amendment not only seeks to clarify the economic challenges facing Internal Reinsurance and to bring its structures into line with market practice, with the aim of facilitating their uptake by operational Managers, but also, and primarily, to increase the level of involvement of the regional mutuals in the quality of their technical results.

Since then, the agreement resulting from this reform has been the subject of several adjustments aimed at making certain mechanisms more adapted to the evolution of certain segments.

As indicated previously, the reinsurance agreement encompasses all the risks underwritten by the regional mutuals. It is designed to take into account both the overall balance between them and their specific characteristics in terms of cover needs. To that end, all the risks are subject to classification, which makes it possible to differentiate amongst the reinsurance solutions offered while ensuring inter-company consistency.

(b) Classification of reinsured risks

Risks are classified into two groups of reinsurance segments, depending on the nature of their need for protection, which is based on their degree of volatility. Classification of risks is carried out in two groups of reinsurance segments:

SEGMENTS OF GROUP 1

The first group consists of the following segments:

- automobile/Personal Liability – Miscellaneous Liability;
- professionals third-party liability;
- fire;
- storm;
- life and health insurance excluding health;
- health.

Given their characteristics, the segments of the first group are subject to relatively similar reinsurance arrangements and to the allocation to each regional mutual fund of share in the profits calculated on all results ceded by it as a quota share for these segments.

OTHER SEGMENTS

These are risks that, given their significant specificities, are subject to highly differentiated reinsurance, mainly:

- crops;
- natural disasters;
- construction;
- long-term care;
- forests;
- attacks (in the sense of the Gareat pool).

The price of reinsurance of each regional mutual may take into account, according to the characteristics of each segment, the quality of the ceded results, by applying common rules.

Regardless of the risks considered, the stake of Groupama Assurances Mutuelles in claims with respect to the various forms of reinsurance provided for in the general regulations (quota share, excess claims, or annual stop loss) falls within the limit of the scope of the covered risks and exclusions as well as the limit of its share of maximum cover amounts per insurance object, as set each year by Groupama Assurances Mutuelles, in particular according to its own external reinsurance conditions.

(c) General structure of protections

As indicated above, all risks are subject to quota share reinsurance, the rate of which varies according to the risks.

These cessions occur on operations net of non-proportional protections for the segments benefiting from them, with the exception of the “natural disasters” segment.

The stake of Groupama Assurances Mutuelles stake in claims falls within the limits indicated above but does not include any aggregate-type limitations, except in case of forest insurance, where the protections apply to an annual cumulative loss of no more than 15% of the insured assets declared to Groupama Assurances Mutuelles.

In “natural disasters”, the “premium transfer basis” calculated to take account of the rate of deduction of the fund for prevention of major natural hazards is 88%.

The “origin” business of the regional mutual fund before the quota share cession, for the segments concerned, of excess claim or annual stop loss protections.

In addition, the regional mutual is covered for excess annual losses, across the storm, crop, and natural disasters segments, protecting the accumulation of claims kept below the non-proportional protection threshold of each segment.

For the coverage of claims by these various non-proportional protections, the rules already described apply in the same way: application of limitations relating to the field of covered risks, exclusions, maximum amounts of commitments by risk object defined and specified annually by Groupama Assurances Mutuelles.

When the regional mutual wishes to issue a guarantee outside the scope of the risks covered, or whose amount exceeds the limits provided for in the general regulations, it asks Groupama Assurances Mutuelles for optional reinsurance cover, which is acquired only after express agreement and on the basis of the conditions laid down in this framework.

The non-proportional reinsurance thresholds are set for all the regional mutuals (based on two classifications by mutual and by segment) according to the collective decision procedure referred to in paragraph 1.1, based on studies and simulations examined by the “reinsurance” working group to verify the sensitivity of the custody by the mutuals at their level, taking into account the effects in terms of cost.

For excess claims, except in case of more substantial changes, the thresholds are indexed annually according to price indices specific to the risks concerned.

For the operation of reinsurance in excess claims, the regional mutual may generally constitute by segment a single event of all indemnifiable claims, regardless of the number of policies or covers involved, resulting from the same event and occurring during a continuous period.

(d) Retrocession

Outward reinsurance by the mutuals with a central reinsurer does not deplete the capacities for pooling and retention within the Group. Given their level of equity, the mutuals have the capacity to bear a portion of the risk offset nationally, and protected by outside reinsurance. They become in turn the reinsurer of Groupama Assurances Mutuelles.

This allows the total results of the highest risks of reinsurance risks accepted to be shared between Groupama Assurances Mutuelles and the mutuals, and lowers the thresholds for assigning risks to third party reinsurers.

It is for that purpose that Groupama Assurances Mutuelles conveys back to the mutuals part of the profit/loss from its total inward reinsurance, net of the effect of outside cover, in the only reinsurance risks or forms showing volatility justifying this use of additional mutual insurance.

The Groupama Assurances Mutuelles quota share inward reinsurance is thus not affected by the retrocession, with the exception of the natural disasters and crops segments.

A significant percentage of the inward reinsurance business is retroceded.

Transactions that are the subject of a retrocession are divided amongst the regional mutuals in proportion to the gross premiums.

Aside from its effect on internal mutual insurance, retrocession raises the awareness of and directly involves the mutuals community in the balances of their different outward reinsurance operations with Groupama Assurances Mutuelles, and as such constitutes an additional regulatory factor.

(e) Amounts involved in fiscal year 2018

It should be noted that non-life premiums earned, policy servicing expenses, acquisition costs and administrative expenses include inward reinsurance, with respect to Groupama Assurances Mutuelles, from the regional mutuals under the Internal Reinsurance treaty.

The amounts accepted for these different transactions break down as follows:

(in millions of euros)	31.12.2018	31.12.2017
Non-life earned premiums	2,036	2,019
Insurance policy servicing expenses	(1,370)	(1,523)
Acquisition costs	(148)	(151)
Administrative costs	(148)	(151)

At 31 December 2018, the overall retrocession result was €13 million.

(in millions of euros)	31.12.2018	31.12.2017
Expenses on inward retrocession	(113)	(109)
Income on inward retrocession	126	85

In summary

This entire presentation can be summed up as follows:

- the reinsurance agreement is a coherent and balanced whole that must be assessed in terms of its intended purpose and overall effects and not by isolating any one of its components from this context; in any event, this approach of placing the agreement in perspective is not opposed to a segmented, technical attitude to risks and to the reinsurance terms associated with them (see above);
- the internal insurance terms currently applicable are the result of amendments made over time to make this system fully effective in terms of its economic purpose of offsetting and controlling risks;
- the ongoing pursuit of this purpose has resulted in involving Groupama Assurances Mutuelles in the insurance business of the Groupama regional mutuals in a balanced and controlled way.

The premium income from reinsurance earned by Groupama Assurances Mutuelles with the regional mutuals amounted to a total of €2,036 million in 2018.

2.2 Groupama Gan Vie

Relations between Groupama Gan Vie and the regional mutuals are governed by an identical bilateral agreement for each of the regional mutuals.

The purpose of this agreement is the distribution and management by the regional mutuals of personal life insurance and group insurance policies from Groupama Gan Vie.

With regard to distribution, Groupama Gan Vie sets the marketing, subscription and pricing rules for the products as well as the contract documents and the communications media. The regional mutuals are responsible for sales relationships with customers.

At the management level, the regional mutuals must provide all administrative functions, including medical management, within certain limits including amounts, and in accordance with the conditions defined by Groupama Gan Vie.

The regional mutuals are required to comply with a number of ethical rules, particularly governing the treatment of health cases and the prevention of money laundering.

Groupama Gan Vie is authorised to conduct on-site audits of documents and conditions under which the marketing and management functions are exercised.

In personal life insurance, the distribution and management of the regional mutuals are remunerated on the basis of three factors: for all products, a mark-up on premiums and, for certain products, a fee on the outstanding amount (savings and pension products), and a fee based on the regional policy income (protection products) designed to involve the regional mutual in the quality of its management.

Groupama Gan Vie posted premium income under this personal life insurance agreement of €1050.2 million in 2018. The fees earned by the regional mutuals amounted to €115.8 million.

In group insurance, the regional mutuals' distribution and management are remunerated on the basis of several factors: mark-up on premiums, mark-up on outstanding amounts for certain products, fees based on regional net income on all death risks and fees on development agreements.

Groupama Gan Vie posted premium income under this group insurance agreement of €51.3 million in 2018. The fees earned by the regional mutuals amounted to €6.6 million.

2.3 Orange Bank

The relationships between Orange Bank, 35%-held indirectly by Groupama Assurances Mutuelles, and the regional mutuals have been governed since the bank was founded in late 2002/early 2003 by identical bilateral agreements that break down into two components:

(a) A general marketing and management agreement

The general agreement lays down the respective roles of the bank and the regional mutual. It is licensed by Orange Bank to market its offer under a temporary banking license defining a limited number of banking operations that the mutual is permitted to perform. The operations concerned are preparation or support for banking transactions, given that Orange Bank is the sole party authorised to carry out banking operations in the strict sense.

The regional mutuals underwrite a certain number of commitments aimed at achieving the banking business growth plan in a controlled manner: mobilising the necessary workforce and seeing to it that they are trained, applying the quality charter, deploying an internal control system as well as a system to fight money laundering, etc.

This agreement, which has an initial life of five years, may be renewed by 1-year terms.

(b) An annual marketing and management agreement

This agreement supplements the general agreement on the points needing periodic updating: annual production targets of the regional mutual, compensation, quality objectives, etc.

The regional mutuals are compensated from the net banking income generated by the products held by customers less the payment processing costs and a percentage of the distribution costs related to the bank's remote sales centre.

The net banking income earned by Orange Bank under its agreements amounted to €41.2 million in 2018. The fees earned by the regional mutuals amounted to €6.67 million.

2.4 Groupama Supports and Services (G2S)

The purpose of Groupama Supports & Services is to facilitate the economic activities of its members, improve or increase the results of these activities by sharing and optimising IT, logistics and purchasing activities.

To this effect, the role of G2S is to:

- undertake any preliminary studies and perform, at the request of its members, all the IT work necessary for the exercise of their business;
- ensure the operation and maintenance of IT systems on behalf of its members;
- lease and manage buildings occupied by at least one member;
- provide its members with all general services;
- assist its members with their purchasing strategy and relationships with Group suppliers.

Most services provided by the EIG are exempt from VAT, except for services corresponding to the supply of goods.

The members of the EIG, which are not charged VAT, are mainly the regional mutuals, Groupama Assurances Mutuelles, and the French insurance subsidiaries. Non-member customers, which are charged VAT, are mainly group financial management companies and international subsidiaries and, where appropriate, entities outside the Group affiliated through partnership agreements with Groupama.

IT services provided by G2S to group entities are invoiced based on the following principles:

- G2S, as an EIG, invoices all of its costs, whether they be its own operating costs, costs that are charged by other group entities or costs of technical resources acquired on behalf of third parties;
- all costs are allocated according to a defined list of services (operating services, project services) that cover all areas of operation of the EIG. Invoiced amounts are determined based on the following conditions:
  - charged directly when possible,
  - otherwise, according to allocation keys that can be modified each fiscal year if necessary, the principle of which is determined by G2S for each cost category based on significant criteria.

Special governance was put into place to ensure the relevance and stability of these invoicing keys. These are reviewed regularly by two different advisory bodies, depending on the nature of the services.

Operating services are reviewed by the "Keys Committee" which brings together IT Managers from member companies of the EIG and the various services of the venture in charge of developing and implementing invoicing keys.

For projects, invoicing keys are reviewed by "Business Domain Committees".

Any proposed amendment issued by one of these committees is subject to approval by the Board of Directors of the EIG. Furthermore, a review of the invoicing keys is carried out with the management controllers of the EIG for validation of the distribution of the final invoice, and with the Tax Department to ensure compliance with the VAT regulations.

The auditors also ensure the expenses of the EIG undergo correct analytical allocation for billing.

Based on the provision above, €318.7 million excluding taxes were billed as at 31 December 2018, €94.6 million of which to the regional mutuals.

2.5 Other agreements

The amount of premium income generated by the other agreements entered into between the subsidiaries of Groupama Assurances Mutuelles and the regional mutuals in the areas of assistance, legal protection, employee savings and asset management proved immaterial for Groupama Assurances Mutuelles.

3 Financing of large programmes

Groupama Assurances Mutuelles participates in the financing of major community programmes by paying subsidies to the regional mutuals designed as incentives for them to implement an overall policy in the general interest.

This system results from the Group's decentralised structure and from the role played in it by Groupama Assurances Mutuelles, which manages the Group and reinsures the regional mutuals.

3.1 Operational structure of a decentralised organisation

In a so-called decentralised organisation, the central body arises from the regional level; its role is to embody the collective will and steer the resulting policies, but from a legal standpoint, it does not have the power to impose those policies at regional level. Financing is one lever used to facilitate the implementation of the Group policies.

Moreover, the programmes stemming from these policies usually generate high costs in the beginning with regard to the financial coverage of the regional mutual, with no immediate counterparty, and involve a business risk making the return on investment random. At the level of a regional mutual, implementing such programmes using its own resources seems contrary to its interests, at least in the short term.

Pooling the financing by Groupama Assurances Mutuelles makes it possible to remove this obstacle and to re-establish within the combination consisting of the regional mutuals the national dimension that would exist were this combination not legally divided into regional mutuals.

3.2 Interest of the central reinsurer in expanding the business lines of the regional mutuals

As indicated above (see section 1.1), the reinsurance relationship between Groupama Assurances Mutuelles and the regional mutuals creates a powerful community of interests amongst them. Groupama Assurances Mutuelles itself has a major interest not only in the economic and financial balance of the mutuals but also in their growth, in which it participates in proportion to the non-life insurance business transferred. Hence it is directly in the interests of Groupama Assurances Mutuelles to participate in some expenses incurred in expanding the regional mutuals.

3.3 A rational, efficient system

To qualify for financing by Groupama Assurances Mutuelles, a programme must meet several conditions:

- it must be part of the strategy defined by the Group;
- it must represent for most of the regional mutuals a financial expense that would disincentivise them from financing the programme alone;
- it must have the potential to be replicated across all the regional mutuals.

The financing is discontinued once it ceases to be necessary.

This system has demonstrated its effectiveness in the past few years. Two major programmes have achieved significant results, namely the development and launch of a new offering in individual supplementary health insurance, funded by Groupama Assurances Mutuelles from 1999 to 2007, as well as the development and deployment within the regional mutuals of the SIGMA non-life insurance management system.

The programme supporting the deployment of the retail banking business in the regional mutuals has been in progress since 2004. This business requires a major effort on the part of the regional mutuals, especially in terms of sales force training and management. The subsidies related to achieving sales objectives are designed to end when the retail banking business reaches its financial breakeven point. For fiscal year 2018, it was considered that although the banking business is now carried out by a Groupama Assurances Mutuelles holding and no longer a subsidiary, it was necessary to maintain a subsidy mechanism between Groupama Assurances Mutuelles and the regional mutuals, aimed at supporting the revival and development of this business and offsetting the distribution costs of the mutuals, as long as the portfolio of banking products was not sufficiently developed to self-fund through commissions. For fiscal year 2018, the amount of financial support devoted to deploying the banking business thus came to a total of €2.1 million, net of corporate tax.

Lastly, for the first time in 2015, Groupama Assurances Mutuelles covered the costs resulting from the issue of mutual certificates for the regional mutuals. In 2018, Groupama Assurances Mutuelles paid a subsidy of €15.8 million net of corporate tax for mutual certificates issued in 2018 by 10 regional mutuals.

Funding of major national programmes is now subject to review by the Audit and Risk Management Committee before being authorised by the Groupama Assurances Mutuelles Board of Directors.

NOTE 45 EMPLOYEES OF CONSOLIDATED COMPANIES

This note is presented in §1.5.2 of this registration document.

NOTE 46 COMMITMENTS GIVEN AND RECEIVED

(in millions of euros)	31.12.2018	31.12.2017
Endorsements, securities, and guarantees received	34	86
Other commitments received	878	853
Total commitments received, excluding reinsurance	**911**	**939**
Reinsurance commitments received	**643**	**575**
Endorsements, securities and guarantees given	311	296
Other commitments on securities, assets, or income	703	439
Other commitments given	1,609	869
Total commitments given excluding reinsurance	**2,623**	**1,604**
Reinsurance commitments given	**3,607**	**3,762**
Securities belonging to protection institutions		
Other securities held on behalf of third parties		

Endorsements, securities, and guarantees received totalled €34 million.

Other commitments received excluding reinsurance for €878 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 31 December 2018;
- Securities received as collateral under the collateralisation mechanism put in place to guarantee the unrealised gains on derivatives are also recorded in off-balance-sheet commitments, reflected in the financial statements by €77 million in commitments received for bond loans.

Endorsements, securities and guarantees given totalled €311 million, consisting largely of the following major transactions:

- general guarantees given as part of the contribution of Groupama Banque securities to Compagnie Financière d'Orange Bank for €75 million;
- guarantee given as part of the sale of Groupama Seguros Espagne for €81 million;
- guarantee given as part of the sale of Carole Nash for €95 million;
- guarantee given as part of the sale of Groupama Seguros de Vida Portugal for €11 million.

Other commitments on securities, assets, or income consist of subscriptions to venture capital funds ("FCPR"). The remaining €703 million corresponds to the difference between the investment commitment of the subscribers and the total of calls for funds actually received.

Other commitments given amounted to €1,609 million. They mostly consist of the following elements:

- securities given as collateral under the collateralisation mechanism put in place to guarantee the unrealised gains on derivatives are also recorded in other off-balance-sheet commitments, reflected in the financial statements by €577 million in commitments given for hedging of unrealised capital gains or losses on financial futures;
- promises to sell buildings of €659 million;
- commitments of €302 million relating to real estate leases (on rents outstanding until the end of the lease to lessors outside the Group);
- commitments made on orders for real estate works for €66 million, mainly from Groupama Gan Vie and the subsidiary SCI Gan Foncier.

Unvalued commitments

Groupama Holding Filiales et Participations, in its capacity as principal shareholder, undertakes to provide Cofintex 6 with the financial support necessary for the normal continuation of its business in keeping with the principle of business continuity. This commitment runs until 28 May 2019.

Trigger clauses:

Furthermore, in conjunction with issues of subordinated instruments ("TSR", "TSDI"), Groupama Assurances Mutuelles has trigger clauses on the payment of coupons:

- Groupama Assurances Mutuelles is entitled to defer payment of interest on the October 2009 TSR of €500 million should the capital cover (SCR/MCR) fall below 100%;
- Groupama Assurances Mutuelles is prohibited from paying interest in the event of regulatory deficiencies from the issue of the 2017 TSR for €650 million should the solvency capital cover (SCR/MCR) fall below 100%;
- Groupama Assurances Mutuelles is prohibited from paying interest in the event of regulatory deficiencies from the issue of the 2018 TSR for €500 million should the solvency capital cover (SCR/MCR) fall below 100%.

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

NOTE 47 RISK FACTORS AND SENSITIVITY ANALYSES

This note is presented in section 5.2 of this registration document.

NOTE 48 LIST OF ENTITIES IN THE SCOPE OF CONSOLIDATION AND MAJOR CHANGES TO THE SCOPE OF CONSOLIDATION

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

❯ Newly consolidated entities

The entities 150 Champs Elysées So Luxury Hotel and Groupama Gan Paris So Prime and one UCITS fall within the scope of consolidation.

❯ Merger and change of 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, commonly known as Groupama Assurances Mutuelles.

❯ Sales and eliminations from the scope of consolidation

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

Three mutual funds were removed from the consolidation scope.

	Business sector	Location of head office	31.12.2018 % control	31.12.2018 % interest	31.12.2018 Method	31.12.2017 % control	31.12.2017 % interest	31.12.2017 Method
GROUPAMA ASSURANCES MUTUELLES	Holding/ Reinsurance	France	100.00	100.00	Parent company	100.00	100.00	Parent company
GIE GROUPAMA Supports et Services	EIG	France	99.99	99.99	FC	99.99	99.99	FC
GROUPAMA CAMPUS	Property	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA HOLDING FILIALES et PARTICIPATIONS	Holding	France	100.00	100.00	FC	100.00	100.00	FC
COFINTEX 2	Holding	France	100.00	100.00	FC	100.00	100.00	FC
COFINTEX 17	Holding	France	100.00	100.00	FC	100.00	100.00	FC
COMPAGNIE FINANCIERE D'ORANGE BANK	Holding	France	35.00	35.00	EM	35.00	35.00	EM
GROUPAMA GAN VIE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN PATRIMOINE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CAISSE FRATERNELLE D'ÉPARGNE	Insurance	France	99.99	99.99	FC	99.99	99.99	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.99	99.99	FC	99.99	99.99	FC
ASSUVIE	Insurance	France	50.00	50.00	FC	50.00	50.00	FC
GAN PRÉVOYANCE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSURANCE-CRÉDIT ET CAUTION	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
SOCIÉTÉ FRANÇAISE DE PROTECTION JURIDIQUE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
LA BANQUE POSTALE ASSURANCES 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
GROUPAMA SEGUROS de Vida Portugal	Insurance	Portugal				100.00	100.00	FC
GROUPAMA SIGORTA	Insurance	Turkey	99.52	99.52	FC	99.52	99.52	FC
GROUPAMA SIGORTA EMEKLILIK	Insurance	Turkey	100.00	99.79	FC	100.00	99.79	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

	Business sector	Location of head office	31.12.2018 % control	31.12.2018 % interest	31.12.2018 Method	31.12.2017 % control	31.12.2017 % interest	31.12.2017 Method
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
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SEGUROS PORTUGAL	Insurance	Portugal				100.00	100.00	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSET MANAGEMENT	Asset management	France	100.00	100.00	FC	100.00	100.00	FC
ORANGE BANK	Banking	France	35.00	35.00	EM	35.00	35.00	EM
GROUPAMA ÉPARGNE SALARIALE	Asset management	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA IMMOBILIER	Asset management	France	100.00	100.00	FC	100.00	100.00	FC
COMPAGNIE FONCIERE PARISIENNE	Property	France	95.39	95.39	FC	95.39	95.39	FC
SCI WINDOW LA DEFENSE	Property	France	100.00	95.39	FC	100.00	95.39	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
SOCIETE FORESTIERE GROUPAMA	Property	France	87.67	87.67	FC	87.67	87.67	FC
FORDEV	Property	France	87.67	87.67	FC	87.67	87.67	FC
GROUPAMA GAN PARIS LA DEFENSE OFFICE	OPCI	France	100.00	95.39	FC	100.00	95.39	FC
GROUPAMA GAN RETAIL FRANCE	OPCI	France	100.00	99.52	FC	100.00	99.52	FC
THE LINK PARIS LA DEFENSE	Property	France	100.00	100.00	FC	100.00	100.00	FC
SCI GAN FONCIER	Property	France	100.00	98.89	FC	100.00	98.89	FC
VICTOR HUGO VILLIERS	Property	France	100.00	98.89	FC	100.00	98.89	FC
1 BIS FOCH	Property	France	100.00	98.89	FC	100.00	98.89	FC
16 MESSINE	Property	France	100.00	98.89	FC	100.00	98.89	FC
9 MALESHERBES	Property	France	100.00	98.89	FC	100.00	98.89	FC
97 VICTOR HUGO	Property	France	100.00	98.89	FC	100.00	98.89	FC
44 THEATRE	Property	France	100.00	98.89	FC	100.00	98.89	FC
150 CHAMPS ELYSEES SO LUXURY HOTEL	Property	France	95.72	95.72	FC			
GROUPAMA GAN PARIS SO PRIME	Property	France	100.00	95.72	FC			
SCI UNI ANGES	Property	France	100.00	100.00	FC	100.00	100.00	FC
261 RASPAIL	Property	France	100.00	95.39	FC	100.00	95.39	FC
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
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

			31.12.2018			31.12.2017		
	Business sector	Location of head office	% control	% interest	Method	% control	% interest	Method
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
GROUPAMA PIPACT	Property	France	31.91	31.91	EM	31.91	31.91	EM
ASTORG STRUCTURÉ 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
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	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 15 FCP	Mutual fund	France	98.33	98.33	FC	100.00	100.00	FC
GROUPAMA CONVERTIBLES ID D	Mutual fund	France	87.75	85.57	FC	89.37	86.65	FC
GROUPAMA ENTREPRISES IC C	Mutual fund	France	29.54	29.54	EM			
GROUPAMA CREDIT EURO IC C	Mutual fund	France	82.52	82.52	FC	78.72	78.72	FC
GROUPAMA CREDIT EURO ID D	Mutual fund	France	99.99	99.99	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	87.50	87.50	FC	100.00	100.00	FC
GROUPAMA OBLIGATION MONDE I C	Mutual fund	France	94.48	91.56	FC	94.39	91.48	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 22 FCP	Mutual fund	France				99.88	99.88	FC
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
ASTORG STRUCTURÉ LIFE D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA EONIA IC C	Mutual fund	France	49.59	49.59	EM	33.38	33.38	EM
ASTORG PENSION D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG CASH MT D	Mutual fund	France	99.43	99.09	FC	99.51	99.40	FC
GROUPAMA CREDIT EURO GD D	Mutual fund	France				44.09	44.09	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	100.00	100.00	FC	100.00	100.00	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	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 5 D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG MONETAIRE D	Mutual fund	France	99.76	99.76	FC	94.53	94.53	FC
ASTORG REPO INVEST D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA TRESORERIE P C	Mutual fund	France	36.23	36.23	EM	46.59	46.59	EM
ASTORG OBLIGATIONS CT G D	Mutual fund	France	96.88	93.67	FC	96.00	93.47	FC
ASTORG OBLIGATIONS CT GA D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
G FUND – EUROPEAN CONVERTIBLE BONDS GD D	Mutual fund	France	80.10	80.10	FC	86.71	86.71	FC

FC: Full integration
EM: Equity method

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

7.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Year ended 31 December 2018)

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

Mazars
Tour Exaltis
61, rue Henri-Régnault
92400 Courbevoie

Dear Members,

OPINION

In compliance with the assignment entrusted to us by your General Meeting, we performed an audit of the consolidated financial statements of Caisse Nationale de Réassurance Mutuelle Agricole Groupama for the fiscal year ended 31 December 2018, as attached to this report.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations for the past fiscal year as well as the financial position and assets of the Group at the end of the fiscal year, in accordance with International Financial Reporting Standards as adopted by the European Union.

The above opinion is consistent with the content of our report to the Audit and Risk Management Committee.

BASIS OF THE OPINION

Audit reference standard

We conducted our audit in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities according to these standards are described in the section "Responsibilities of the statutory auditors relating to the audit of the consolidated financial statements" of this report.

Independence

We conducted our audit in accordance with the rules of independence applicable to us, over the period from 1 January 2018 to the issue date of our report. In particular, we did not provide any services prohibited by Article 5, paragraph 1, of Regulation (EU) no 537/2014 or by the professional Code of Ethics for statutory auditors.

JUSTIFICATION OF THE ASSESSMENTS – KEY POINTS OF THE AUDIT

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements for the fiscal year, as well as our responses to these risks.

These assessments contributed to the audit of the consolidated financial statements, taken as a whole, and to the formation of our opinion expressed above. We do not express an opinion on items in these consolidated financial statements viewed in isolation.

Assessment of outstanding claims reserve – Non-life insurance policies
(Please refer to Notes 3.12.2 and 25 of the notes to the consolidated financial statements)

Identified risk	Implemented procedures
Reserves for claims, appearing on the balance sheet at 31 December 2018 for €8,596 million in the consolidated accounts, represent one of the greatest liabilities. They correspond to the estimate, net of claims receivable, of the cost of all unpaid claims at the end of the fiscal year, both declared and undeclared, both in principal and incidentals (management fees). The estimate of technical reserves is valued on the basis of an actuarial approach, using ultimate cost valuations based on payment triangles or expenses (depending on the risk segments). This valuation also incorporates the valuation of delinquent claims. It requires the exercise of management's judgement in selecting the assumptions to be applied, the calculation methods to be used, and the related management cost estimates. Given the relative weight of these provisions in the balance sheet, the importance of the judgement exercised by management and the variety and complexity of the actuarial methods used, we considered the valuation of these provisions as a key point of the audit.	In order to assess the reasonableness of the estimate of the amount of the outstanding claims reserve, we implemented the following procedures, using our actuaries: › review the design and test the effectiveness of the key controls related to claims management and the determination of these provisions; › assess the relevance of the calculation methods used to estimate the reserves; › assess the appropriateness of the actuarial assumptions used to calculate reserves (depth of history taken into account, number of years of stabilisation); › assess the reliability of the statements produced by your Company, tracing the historical data, and reconcile them with the data used to estimate the reserves with the accounting records; › analyse the settlement of the reserve of the previous fiscal year with the actual expenses of claims (settlement surplus/deficit); › in a number of segments, carry out an independent counter-valuation or a joint review of the assumptions used to calculate the reserves and assess their reasonableness.

Valuation of unlisted instruments (classification in level 3 in IFRS) (Please refer to Notes 3.2.1 and 7.10 to the consolidated financial statements)

Identified risk	Implemented procedures
As part of its activity has an insurance group, Groupama holds financial instruments not listed on an active market classified as Level 3 in the fair value hierarchy according to IFRS 13. These financial instruments represent €2,410 million on the assets side of the Group's consolidated balance sheet at 31 December 2018. These instruments are measured at fair value on the basis of internal valuation models where the parameters are not observable or cannot be corroborated by market data. The resulting valuations may be subject to additional value adjustments to take account of certain market, liquidity, or counterparty risks. The techniques used by management to value these instruments include a significant amount of judgement in the choice of methodologies, assumptions, and data used. Due to the material nature of the outstanding amounts and the significant share of assessment on the part of Management in determining the market value, we believe that the valuation of financial instruments classified as Level 3 under IFRS 13 is a key point of the audit.	In order to assess the reasonableness of the estimation of the applied values of unlisted investments, our audit approach was based on information provided to us by your Company and included the following work: › compare the applied value with the net asset value of the management company, the latest transactions observed in the market for the examined security, or a comparable where possible; › reconcile the realisable amounts with the valuations communicated by external platforms like Bloomberg or counterparties (banking institutions); › where the security was valued on the basis of an internal model: ■ analyse the relevance of the assumptions and parameters used, ■ review the construction of the model and inputs (data) used for the valuation, ■ perform an independent counter-valuation by sampling, using our own models.

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Evaluation of the reserve for increasing risks (Long-term care) (Please refer to Notes 3.12.2 and 25.1 to the consolidated financial statements)

Identified risk	Implemented procedures
A reserve for increasing risks is established for insurance operations on risks of loss of autonomy to cover the temporary differences existing between the period of application of the cover and its financing by insurance premiums. This provision is made prospectively, comparing the future commitments of the insurer and those of the policyholder. The regulations do not specify all the parameters to be used (in particular, biometric laws and discount rates) for the calculation of this reserve. At 31 December 2018, the reserve for increasing risks was €273 million gross of reinsurance in the consolidated accounts. We considered this topic as a key point of the audit due to the sensitivity of the calculation of the reserve for increasing risks to the choice of the following key assumptions that require a significant degree of judgement from management: › discount rate; › biometric laws developed based on observations and analyses based on portfolio data.	We conducted a critical review of the procedures for implementing the methodology for determining the reserve for increasing risks and implemented, in particular, the following audit procedures: › examine the design of the actuarial model to verify that it does not contain any anomalies that could distort the amount of the reserve calculated through, in particular, the assessment of the reserve calculation environment; › prepare our own estimation independently; › assess the consistency of the key assumptions used to determine the reserve, which includes: ▪ the principles and methodology of the discount rate and the analysis of the sensitivity of the reserve for increasing risks in the context of low rates, ▪ the relevance of the methodology for calculating biometric laws and their adequacy for the portfolio.

VERIFICATION OF THE GROUP INFORMATION GIVEN IN THE MANAGEMENT REPORT

In accordance with the professional standards applicable in France, we also conducted the specific verifications required by the applicable laws and regulations of the Group information presented in the management report of the Board of Directors.

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

INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY REQUIREMENTS

Designation of the statutory auditors

We were appointed statutory auditors of Caisse Nationale de Réassurance Mutuelle Agricole Groupama by the General Meeting of 25 June 1999 for PricewaterhouseCoopers Audit and 12 September 2000 for Mazars.

At 31 December 2018, PricewaterhouseCoopers Audit was in the 20th year of its mission without interruption, and Mazars was in its 19th year.

RESPONSIBILITIES OF MANAGEMENT AND MEMBERS OF THE CORPORATE GOVERNANCE BODY CONCERNING THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with IFRS as adopted in the European Union and implementing the internal controls that it deems necessary for the preparation of consolidated financial statements free of any material misstatements, whether they due to fraud or error.

In connection with the preparation of the consolidated financial statements, Management is responsible for assessing the Company's ability to continue its operations; providing information on matters relating to the continued operations, where this is relevant; and for preparing financial statements based on a going concern basis, unless Management intends to wind up the Company or discontinue operations.

The Audit and Risk Management Committee is responsible for following the process of preparing financial information and for monitoring the effectiveness of internal control and risk management systems, as well as, where applicable, internal auditing, as regards the procedures relating to the preparation and processing of accounting and financial information.

These consolidated financial statements have been approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Audit objective and approach

It is our responsibility to prepare a report on the consolidated financial statements. Our goal is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain any material misstatements. Reasonable assurance is a high level of assurance but is not a guarantee that an audit performed in accordance with the professional auditing standards will always detect any material misstatement. Misstatements may arise as a result of fraud or error and must be regarded as being material if it can reasonably be expected that they, individually or in the aggregate, will affect the financial decisions made by users of the financial statements on the basis of the financial statements.

As specified by Article L. 823-10-1 of the French Commercial Code, our role of certifying the financial statements is not to guarantee the viability or the quality of the management of your Company.

As part of an audit performed in accordance with the professional auditing standards applicable in France, the statutory auditor uses professional judgement throughout this audit.

In addition:

- the statutory auditor identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether due to fraud or error, and defines and implements audit procedures for such risks and collects evidence considered sufficient and appropriate to serve as the basis of its opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, as fraud may involve conspiracy, forgery, deliberate omission, misrepresentation, or non-observance of internal controls;
- the statutory auditor obtains an understanding of the internal controls of relevance to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the internal controls;
- the statutory auditor assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the information concerning them provided in the consolidated financial statements;
- the statutory auditor assesses whether the accounting convention of going concern applied by the management is appropriate, according to the collective information, whether there is any material uncertainty related to events or circumstances likely to call into question the Company's ability to continue its operation. This assessment is based on the evidence collected up to the date of its report. However, subsequent circumstances or events could jeopardise the continuity of operations. If the statutory auditor concludes that there is significant uncertainty, it draws the attention of readers of its report to the information provided in the consolidated financial statements about this uncertainty or, if this information is not provided or is not relevant, it formulates a qualified certification or a refusal to certify;
- the statutory auditor assesses the overall presentation of the consolidated financial statements and whether they reflect the underlying transactions and events so as to give a true and fair view;
- concerning the financial information of the persons or entities included in the scope of consolidation, it collects information that it deems sufficient and appropriate to express an opinion on the consolidated financial statements. It is responsible for the management, supervision, and execution of the audit of the consolidated financial statements as well as the opinion expressed on these financial statements.

Audit and Risk Management Committee

We submit to the Audit and Risk Management Committee a report outlining the scope of the audit work and the work programme implemented, as well as the conclusions of our work. Where appropriate, we also inform it of significant weaknesses of internal control that we identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the items disclosed in the report to the Audit and Risk Management Committee are the risks of material misstatement that we consider to have been the most important for the audit of the consolidated financial statements for the year and that therefore constitute the key points of the audit, which it is our responsibility to describe in this report.

We also provide the Audit and Risk Management Committee with the declaration provided for in Article 6 of Regulation (EU) no 537-2014 confirming our independence, within the meaning of the rules applicable in France as laid down in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics of the profession of statutory auditor. Where appropriate, we discuss with the Audit and Risk Management Committee any risks to our independence and the safeguarding measures applied.

Neuilly-sur-Seine and Courbevoie, 25 March 2019

The statutory auditors

PricewaterhouseCoopers Audit	Mazars	
Christine Billy	Pascal Parant	Nicolas Dusson

7.3 ANNUAL FINANCIAL STATEMENTS AND NOTES

7.3.1 BALANCE SHEET

Assets

(in thousands of euros)		31.12.2018	31.12.2017
Intangible assets	**Note 4**	**10,511**	**11,358**
Investments:		**12,251,017**	**11,702,479**
Land and buildings	Note 5.1	536,840	489,432
Investments in related companies and companies with equity-linked interest	Note 5.2	9,136,368	9,236,625
Other investments	Note 5.3	2,577,809	1,976,422
Receivables for cash deposits with ceding companies			
Share of outward reinsurers and retrocessionaires in technical reserves:	**Note 6**	**1,117,437**	**1,263,526**
Reserves for unearned premiums		6,212	5,683
Reserves for claims (Non-Life)		901,613	1,053,793
Reserves for profit sharing and rebates (Non-Life)			
Equalisation reserves		5,022	4,361
Other technical reserves (Non-Life)		204,590	199,689
Receivables:	**Note 7**	**545,373**	**644,351**
Receivables relating to direct insurance operations		14,904	16,497
Receivables relating to reinsurance transactions		372,142	463,322
Other receivables		158,327	164,532
Other assets:		**53,652**	**73,555**
Tangible operating assets		1,834	12,979
Cash and equivalents		51,818	60,576
Accruals – Assets	**Note 8**	**147,969**	**133,836**
Unrealised foreign exchange adjustments			
TOTAL ASSETS		**14,125,959**	**13,829,105**

Liabilities

(in thousands of euros)		31.12.2018	31.12.2017
Group's equity	**Note 9**	**3,390,139**	**3,196,295**
Initial capital		3,617,879	0
Share capital		0	2,088,305
Conversion difference		(393,042)	0
Additional paid-in capital		0	401,747
Other reserves		0	168,923
Retained earnings		0	18,457
Net income for fiscal year		165,302	518,863
Subordinated liabilities	**Note 10**	**2,732,516**	**2,236,138**
Gross technical reserves	**Note 11**	**5,956,958**	**6,124,399**
Reserves for unearned premiums		343,244	331,614
Reserves for claims (Non-Life)		4,360,719	4,427,311
Reserves for profit sharing and rebates (Non-Life)		196	266
Equalisation reserves		123,461	197,725
Other technical reserves (Non-Life)		1,129,338	1,167,483
Reserves (other than underwriting)	**Note 12**	**75,151**	**103,452**
Payables for cash deposits received from outward reinsurers and retrocessionaires representing technical commitments		**157,693**	**247,748**
Other liabilities:	**Note 13**	**1,805,923**	**1,909,071**
Debts arising from direct insurance operations		3,428	61,356
Debts relating to reinsurance transactions		269,751	258,914
Bonds (including convertible bonds)		567,930	567,134
Debt to credit institutions		0	0
Other debts		964,814	1,021,667
Accruals – Liabilities	**Note 14**	**7,579**	**12,002**
Unrealised foreign exchange adjustments			**0**
TOTAL LIABILITIES		**14,125,959**	**13,829,105**

7.3.2 OPERATING INCOME STATEMENT

(in thousands of euros)	Gross transactions	Outward reinsurance and retrocessions	Net transactions 2018	Net transactions 2017
Earned premiums	**2,743,675**	**513,139**	**2,230,536**	**2,206,094**
Premiums	2,755,383	513,669	2,241,714	2,337,704
Change in unearned premiums	(11,708)	(530)	(11,178)	(131,610)
Income from allocated investments	**57,405**	**0**	**57,405**	**271,020**
Other underwriting income	**0**	**0**	**0**	**7**
Claims charges	**(1,836,248)**	**(165,566)**	**(1,670,682)**	**(1,492,099)**
Benefits and expenses paid	(1,901,441)	(317,965)	(1,583,476)	(734,755)
Charges from reserves for claims	65,193	152,399	(87,206)	(757,344)
Charges from other technical reserves	**38,217**	**(4,901)**	**43,118**	**(94,493)**
Profit sharing	**0**	**0**	**0**	**(364)**
Acquisition and administrative costs	**(563,614)**	**(35,530)**	**(528,084)**	**(477,309)**
Acquisition costs	(351,843)	0	(351,843)	(318,458)
Administrative costs	(211,771)		(211,771)	(209,249)
Commissions received from reinsurers		(35,530)	35,530	50,398
Other underwriting expenses	**(147,488)**		**(147,488)**	**(152,292)**
Change in the equalisation reserve	**74,264**	**(662)**	**74,926**	**(30,300)**
OPERATING PROFIT FROM NON-LIFE INSURANCE	**366,211**	**306,480**	**59,731**	**230,264**

7.3.3 NON-OPERATING INCOME STATEMENT

(in thousands of euros)		2018 net transactions	2017 net transactions
Operating profit from Non-Life insurance		**59,731**	**230,264**
Investment income	**Note 18**	**367,498**	**891,327**
Investment income		296,180	519,867
Other investment income		66,478	257,322
Profits on the sale of investments		4,840	114,138
Investment expenses	**Note 18**	**(268,928)**	**(413,953)**
Internal and external investment management costs		(195,000)	(200,643)
Other investment expenses		(24,245)	(68,216)
Losses on the sale of investments		(49,683)	(145,094)
Transferred investment proceeds		**(57,405)**	**(271,020)**
Other non-technical income and expenses	**Note 19**	**(17,339)**	**(16,267)**
Other non-operating income		257	169
Other non-operating expenses		(17,596)	(16,436)
Extraordinary earnings	**Note 20**	**(15,666)**	**(8,829)**
Extraordinary income		70,092	92,076
Extraordinary expenses		(85,757)	(100,905)
Employee profit sharing			**0**
Income tax	**Note 21**	**97,411**	**107,341**
NET INCOME FOR FISCAL YEAR		**165,302**	**518,863**

7.3.4 COMMITMENTS RECEIVED AND GIVEN

(in thousands of euros)	31.12.2018	31.12.2017
1. Commitments received	**752,131**	**753,905**
from related companies	1,738	386
from equity-linked companies	393	3,519
from other companies	750,000	750,000
2. Commitments given:		
2a. Endorsements, securities and guarantees received, credit given	**270,866**	**259,368**
to related companies	12,459	386
to equity-linked companies	1,980	315
to other companies	256,427	258,667
2b. Stock and assets acquired through sale commitment		
to related companies	-	-
to equity-linked companies	-	-
to other companies	-	-
2c. Other commitments on securities, assets, or income	**21,928**	**25,260**
to related companies	7,669	7,669
to equity-linked companies		
to other companies	14,259	17,591
2d. Drawing rights given to a guarantee fund		
2e. Other commitments given	**43,937**	**40,503**
to related companies	41,343	40,214
to equity-linked companies		
to other companies	2,594	289
3. Mutual commitments		
3a. Securities received as collateral from outward reinsurers and retrocessionaires	**394,504**	**370,374**
from related companies	32,895	33,685
from equity-linked companies		
from other companies	361,609	336,689
3b. Securities received from companies that have traded in substitution		**-**
3c. Other mutual commitments	**367,311**	**233,437**
from related companies	131,684	54,076
from equity-linked companies	164,280	113,333
from other companies	71,347	66,028
4. Other securities held on behalf of third parties		**-**
5. Outstanding financial futures		
5a. Breakdown of outstanding financial futures by strategy category:	**482,640**	**494,440**
Investment or disinvestment strategies		
Yield strategies	482,640	494,440
Other transactions		
5b. Breakdown of outstanding financial futures by market category:	**482,640**	**494,440**
Transactions on an OTC market	482,640	494,440
ransactions on regulated or equivalent markets		

(in thousands of euros)	31.12.2018	31.12.2017
5c. Breakdown of outstanding financial futures by type of market risk and instruments, in particular:	**482,640**	**494,440**
Interest rate risk		
Foreign exchange risk		
Equity risk	482,640	494,440
5d. Breakdown of outstanding financial futures by instrument type, in particular:	**482,640**	**494,440**
Swaps	482,640	494,440
5e. Breakdown of outstanding financial futures by residual duration of strategies according to the ranges:	**482,640**	**494,440**
0-1 year		
1-5 years	482,640	494,440
5+ years		

7.3.5 RESULTS OF THE PAST FIVE FISCAL YEARS

(in euros)	2014	2015	2016	2017	2018
I. Ending financial position					
a) Share capital or initial capital	1,686,569,399	1,686,569,399	2,088,305,152	2,088,305,152	3,617,878,996
b) Share capital: Number of shares	329,086,712	329,086,712	407,474,176	407,474,176	411,824,587
c) Number of bonds convertible into shares					
II. Transactions and results for the fiscal year					
a) Premiums for the fiscal year	2,218,987,818	2,274,443,639	2,282,012,505	2,707,975,302	2,743,675,632
b) Income before tax, amortisation and reserves	(381,456,631)	(50,408,566)	(200,306,096)	284,751,941	8,109,823
c) Corporate income tax	(184,088,138)	(81,462,741)	(126,165,109)	(107,341,116)	(97,411,229)
d) Employee profit-sharing due for the fiscal year					
e) Income after tax, profit sharing, amortisation and reserves	(38,744,754)	69,972,545	(358,447,095)	518,862,511	165,302,131
f) Distributed income		14,261,596		13,854,122	
III. Personnel					
a) Number of employees	1,272	1,268	1,257	1,265	1,233
b) Amount of payroll costs	99,555,815	104,206,004	96,343,404	104,061,241	102,887,430
c) Amounts paid in employee benefits	53,856,163	55,028,695	51,441,424	54,708,706	56,523,105

The amount of the payroll and sums paid for employee benefits corresponds to the gross expense in the accounts of the de facto grouping before billing back to each of its members.

7.3.6 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

SUMMARY

1 SIGNIFICANT EVENTS OF THE YEAR

1.1 Financial strength

Financial rating

On 29 October 2018, Fitch Ratings confirmed the "A-" Insurer Financial Strength (IFS) ratings of Groupama Assurances Mutuelles and its subsidiaries and raised the outlook associated with these ratings to "Positive". The agency had raised the outlook from "Stable" to "Positive" on 19 April 2018.

Issue of subordinated instruments

On 17 September 2018, Groupama placed subordinated instruments with a maturity of 10 years with institutional investors for a total of €500 million with an annual coupon of 3.375%. The new instrument was a big success among institutional investors with an order book oversubscribed nearly three times. This operation contributes to the active management of Groupama's capital by taking advantage of market opportunities.

1.2 Governance

On 7 June 2018, under the Sapin 2 law of 9 December 2016 on transparency, the fight against corruption, and modernisation of the economy, Groupama SA, the Group's central body, was converted into a national agricultural reinsurance fund with the status of mutual insurance company, commonly known as 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.

2 POST-BALANCE SHEET EVENTS

None.

3 ACCOUNTING PRINCIPLES, RULES AND METHODS

The corporate financial statements of Groupama Assurances Mutuelles are prepared and presented in accordance with the general accounting principles provided for in Articles L. 123-12 to L. 123-22 of the French Commercial Code and the provisions of the French Insurance Code and the regulations of the ANC (French accounting standards authority) no 2015-11 of 26 November 2015 relating to the annual financial statements of insurance undertakings.

3.1 Underwriting operations

Groupama Assurances Mutuelles is engaged mainly in the following reinsurance operations:

- the reinsurance of each of the regional mutuals under the reinsurance agreement entered into with each of them;
- the reinsurance of other entities of the Group in France and internationally.

Groupama Assurances Mutuelles also carries out non-life insurance operations in co-insurance and co-reinsurance groupings.

Since the Antilles Guyane regional mutual is not licensed to conduct insurance operations, Groupama Assurances Mutuelles directly replaces this mutual to cover these operations. Under this principle, the corresponding figures reported in the financial statements contain the information reported as "direct business" after deducting "custody of the regional mutual".

3.1.1 Premiums

Premiums for the year relate to direct business and mainly to inward insurance. They include:

- premiums for the fiscal year, net of cancellations;
- variation in premiums still to be written;
- variation in premiums to be cancelled.

These premiums are corrected for variation in unearned premiums and constitute the amount of earned premiums.

3.1.2 Reserve for unearned premiums

The reserve for unearned premiums for all policies in force at the fiscal year-end shows the share of premiums written and premiums yet to be written relating to the risk coverage in effect for the year or years following the reporting year. It is calculated pro rata temporis.

3.1.3 Costs relating to the insurance business

Costs relating to the insurance business are recorded according to their nature. They are classified for the presentation of the financial statements according to the purposes of the claims management costs, acquisition costs, administration cost, investment costs, and other technical costs.

Acquisition and administration costs mainly include:

- commissions paid by Groupama Assurances Mutuelles to the regional mutuals. These are determined pursuant to the provisions stipulated in the reinsurance agreement with the regional mutuals and are calculated based on the earned premiums that Groupama Assurances Mutuelles accepts from the regional mutuals;
- commissions assessed on direct business and other inward reinsurance business.

3.1.4 Deferred acquisition costs

A portion of the general expenses of Groupama Assurances Mutuelles allocated for the acquisition of contracts and commissions on direct and accepted business is posted to assets in the balance sheet. This is the share of acquisition expenses pertaining to unearned premiums.

3.1.5 Claims

The claims expense for the year consists mainly of:

- benefits and expenses paid for in connection with direct business or that accepted under reinsurance treaties which equate the claims paid net of remedies to be received for the year plus periodic annuity payments. They also include claims-related expenses. These claims also include periodic payments of annuities managed directly by Groupama Assurances Mutuelles, as well as management costs from the distribution of general expenses;
- the reserves for claims in direct business and inward reinsurance business represent the estimate, net of projected claims receivable, of the cost of all unpaid claims at the end of the year, both declared and undeclared. These reserves also include charges for management fees determined on the basis of actual expense rates observed by Groupama Assurances Mutuelles.

The estimated value of reserves for claims is based on an actuarial approach, defined in accordance with a group methodology. By means of valuations of final costs based on payment triangles or costs (by risk segment), it permits a determination of the sufficient amount of outstanding claims reserve. This valuation incorporates the valuation of delinquent claims into its approach. The amounts of these reserves are indicated in Note 11.

In construction risk, the reserve for claims yet to be made comprises direct claims and claims from the regional mutuals is two-pronged. One component is set aside for ten-year cover for general liability and the other is for ten-year cover for property damages. This reserve is determined in accordance with the provisions of Articles 143-14 and 143-15 of ANC Regulation no 2015-11.

Outstanding claims reserves for payments made for traffic accidents occurring on or after 1 January 2013 include the annual adjustment with an inflation rate of 2%.

The technical reserves for incapacity and invalidity benefits are calculated in accordance with Article 143-12 of ANC Regulation no 2015-11. The discount rate used is 75% of the average TME of the last 24 months.

3.1.6 Equalisation reserve

Pursuant to Article R. 343-7.6° of the French Insurance Code, an insurance company may establish so-called equalisation reserves to cover extraordinary expenses relating to operations to guarantee risks due to natural factors, nuclear risk, risks of civil liability due to pollution, space risks, as well as risks relating to attacks, terrorism and air transport. These reserves are funded voluntarily. Groupama Assurances Mutuelles computes this reserve based on the share of risks it insures or reinsures or that is obtained through its share of the results owing to its shareholding in certain professional pools. The amounts of these reserves are indicated in Note 11.

3.1.7 Other technical reserves

A reserve for unexpired risks is allocated when the estimated amount of claims (including management costs) that could be reported after the year end on policies written up before that date exceeds the reserve for unearned premiums.

The reserve for increasing risks defined in Article R. 343-7 of the French Insurance Code is the difference between the current values of the commitments taken respectively by the insurer and by the policyholders for insurance operations covering health and disability risks. This reserve concerns the reserves formed in long-term care insurance as well as those on business accepted. The amount of this reserve is indicated in Note 11.

The actuarial reserves for annuities are based on the discounted values of annuities and annuity ancillaries still owed at the inventory date. This item includes the reserves set aside against direct business and supplementary reserves on inward reinsurance business.

The actuarial reserves for annuities, as determined by the regional mutuals and accepted by Groupama Assurances Mutuelles, represent the actual value of their commitments relating to annuities plus their ancillary expenses. The tables applied to assess these reserves are computed with a financial discount and are based on demographic trends.

In life and health insurance, the actuarial reserves for temporary and permanent disability annuities are determined according to Article 143-2 of ANC Regulation 2018-08. The discount rate used is 60% of the average TME of the last 24 months plus 10 basis points. Actuarial reserves for payments made for traffic accidents occurring on or after 1 January 2013 include an annual adjustment with an inflation rate of 2%. For disability annuities in progress, the reserves are determined by applying the maintenance and disability tables in ARTICLEs 600-2 and 600-4 of the annex to ANC Regulation 2018-08.

Regarding actuarial reserves for non-life annuity income, the business also incorporates the population's lengthening life expectancy. Consequently, actuarial reserves for additional non-life annuity income are posted at the balance-sheet close in order to calculate the principal to be paid to victims of bodily injury. These are now based on the TH/TF 2000-2002 mortality tables.

Pursuant to Article R. 343-5 of the French Insurance Code, a reserve for liquidity risk is allocated when investments subject to Article R. 343-10, with the exception of amortisable securities that the Company is able and intends to hold until maturity, are found to be in a situation of overall net unrealised capital loss. This reserve is intended to deal with insufficient liquidity of investments, especially when there is a change in the pace at which claims are paid. Subject to compliance with the provisions of the French Insurance Code, which allow for an extended schedule for establishing this reserve, contributions to this reserve are spread out over three years.

3.1.8 Inward reinsurance transactions

Inward reinsurance transactions are recognised according to the terms of the Groupama Assurances Mutuelles reinsurance agreement with its regional mutuals, reinsurance treaties entered into mainly with the Group's other entities and under the professional pools.

3.1.9 Outward reinsurance and retrocessions

Outward reinsurance, mainly to reinsurers outside the Group, on accepted risks or direct insurance is accounted for under the terms of the various treaties. They may be supplemented by estimates if the current accounts with those reinsurers are incomplete at the end of the financial year. The securities taken as collateral by the reinsurers (outward reinsurers or retrocessionaires) are recorded in the statement of commitments received and given.

Pursuant to the reinsurance agreement, Groupama Assurances Mutuelles makes retrocessions with regional mutuals on various risks accepted or direct insurance; those transactions are recorded pursuant to the reinsurance agreement signed between Groupama Assurances Mutuelles and the regional mutuals.

3.2 Investments

3.2.1 Entry costs and valuation at year-end

(a) Land and buildings, shares in real-estate investment companies (SCIs)

Buildings and shares in unlisted SCIs are recorded at their purchase or cost price.

In accordance with Article 213-8 of the ANC Regulation 2014-03 on the French national accounting system, acquisition expenses (transfer taxes, professional fees and registration costs, etc.) are incorporated into the acquisition cost of the shell component of the asset to which they refer.

Pursuant to Article 214-9 of ANC Regulation 2014-03 on the French national accounting system, real properties are recorded by component.

The four components used by Groupama Assurances Mutuelles are the following:

- bare structure or shell;
- wind- and water-tight facilities;
- technical facilities;
- fixtures, finishings.

The lifespan and rate of amortisation of each component depend on the period of foreseeable use of the component and the nature of the real-estate property. Because the residual value of the bare structure component cannot be measured in a sufficiently reliable fashion, it is therefore not determined, and that component is amortised based on the acquisition cost.

The following table shows the amortisation periods and the percentages used by type of real-estate property:

	Residences and offices before 1945		Residences and offices after 1945		Shops		Offices or residential high-rises	
Components	**Period**	**Percentage**	**Period**	**Percentage**	**Period**	**Percentage**	**Period**	**Percentage**
Building shell	120 years	65%	80 years	65%	50 years	50%	70 years	40%
Frame, beams, columns, floors, walls								
Wind- and water-tight facilities	35 years	10%	30 years	10%	30 years	10%	30 years	20%
Roof-terrace								
Facades								
Covering								
External woodwork								
Technical facilities	25 years	15%	25 years	15%	20 years	25%	25 years	25%
Lifts								
Heating/Air conditioning								
Networks (electrical, plumbing, etc.)								
Fixtures, finishings	15 years	10%	15 years	10%	15 years	15%	15 years	15%
Int. improvements								

The realisable value of SCI or real estate shares is equal to the Groupama Assurances Mutuelles share in the revalued net assets of that company.

The valuation is determined based on the following:

- the shareholders' equity of the property or real estate company as of 31 December;
- the capital gain or loss on fixed assets. Fixed assets are valued on the basis of five-year appraisals reviewed annually and carried out by independent appraisers.

At each closing, the valuation portion of the share (or units) is compared with the NBV of that share (or unit). A reserve for impairment is recorded where appropriate.

(b) Fixed-income securities

Bonds and other fixed-income securities under Articles R. 343-9 and R. 343-10 of the French Insurance Code are recorded at their purchase price, net of accrued interest at the time of purchase. The difference between the purchase price and the redemption value is reported in the income statement over the remaining term until the repayment date, using actuarial methods in most cases.

An amortisation of the premium or discount is recorded up to the time of transfer in the year the fixed income marketable securities are sold.

Accrued interest is recognised in the balance sheet under asset accruals.

Inflation-linked change in the redemption value of bonds that are indexed on the general price levels is posted to income.

The redemption value recorded at the close is the most recent quoted price at the inventory date. For unlisted securities, it is the market value resulting from the price that would be obtained under normal market conditions and depending on their utility to the Company.

(c) Equities and other variable-income securities (including equity securities)

Shares and other variable-income securities under Article R. 343-10 of the French Insurance Code are recorded at their purchase price excluding accrued interest.

Pursuant to the notice from the Emergency Committee of the CNC dated 15 June 2007, Groupama Assurances Mutuelles chose the accounting option allowing it to incorporate acquisition costs into the cost price of equity interests and to recognise, in its accounting, accelerated amortisation over 5 years.

The realisable value recorded at year end is:

- for listed securities, as a general rule, the last price listed on the day of the inventory;
- for unlisted securities, the market value corresponding to the price that would be obtained for them under normal market conditions and based on their utility for the Company;
- for shares of variable-capital investment companies and shares of mutual funds, the last purchase price published on the day of the inventory.

(d) Loans

Loans granted to companies belonging to the Group and to other entities are valued according to their contracts.

3.2.2 Reserves

(a) Amortisable securities under Article R. 343-9 of the Insurance Code

Any unrealised capital losses resulting from comparing the book value, including the differences between the redemption prices (premium, discount), with the redemption value, do not necessarily carry a reserve for diminution in value. Nevertheless, a reserve for impairment is allocated when there is reason to believe that the debtor will not be able to honour his commitments, either to pay interest or to repay the principal.

(b) Real estate investments, variable-income or fixed-income securities falling under Article R. 343-10 of the French Insurance Code, loans

REAL-ESTATE INVESTMENTS

When the net carrying amount of buildings, equity shares, or shares in unlisted property or real estate companies exceeds the realisable value of these investments, a reserve for long-term impairment may be allocated. This impairment is applied on investment properties after a materiality threshold has been taken into account. It is also applied to operating properties provided that their value in use is more than 15% less than the net book value.

LISTED SECURITIES (EXCEPT EQUITY INTERESTS)

For those investments covered by Article R. 343-10 of the French Insurance Code, a line-by-line reserve for impairment may only be allocated when there is reason to deem that the impairment is long-term.

In accordance with Article 123-7 of ANC Regulation 2015-11, long-term impairments of amortisable securities covered by Article R. 343-10 of the French Insurance Code that the Company can and intends to hold until maturity are analysed in terms of credit risk only. A reserve for long-term impairment is established in the event of a proven credit risk, when there is reason to believe that the counterparty will not be able to honour his commitments, either to pay interest or to repay the principal.

For amortisable securities covered by Article R. 343-10 of the French Insurance Code that the Company does not have the intention or ability to hold until maturity, long-term impairments are established by analysing all of the risks identified on this investment based on the considered holding horizon.

The long-term impairment of an investment line can be presumed in the following cases:

- there was a long-term reserve on this investment line in the previous published statement;
- the listed investment has consistently shown a significant unrecognised loss from its book value over a period of six consecutive months prior to closing;
- there are objective indicators of long-term impairment.

The recoverable amount is determined based on a multi-criteria approach that depends on the nature of the assets and the holding strategy.

In the event of long-term impairment of a security covered by Article R. 343-10 of the French Insurance Code, the amount of the impairment is the difference between historical cost price and recoverable amount.

EQUITY SECURITIES

The valuation of equity securities is based on multi-criteria methods chosen according to each particular situation (nature of assets, holding horizon, etc.).

The net book value of the equity securities of Groupama Holding Filiales et Participations (GHFP) amounts to €6,293 million. The valuation method applied to these securities is based on the intrinsic valuation of the securities of subsidiaries and participations that make up GHFP's assets.

Each entity that undergoes a valuation provides its underwriting income forecasts calculated based on an estimated increase in premium income and a change in combined ratio for the plan period. These assumptions are adapted on the basis of the objectives of each entity, past experience, and external constraints imposed by the local market (competition, regulation, market shares, etc.). Forecasts of financial income and discounted free cash flow are determined on the basis of financial assumptions (notably discount rate and rate of return).

As a general rule, the applied available future cash flows correspond:

- during an explicit period corresponding to the first years, the cash flow column is based in particular on the first three years of the Group's operational strategy planning. This is subject to a 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 II Directive for subsidiaries whose country is subject to this regulation. For the other entities, the solvency margin is assessed according to the applicable local regulations.

A reserve for impairment is established when the value in use at the inventory date obtained through the valuation methods described above is less than the entry cost of those securities.

LOANS

When the estimate of the recoverable value of a loan at inventory date is below its gross amount plus any accrued and unpaid interest at the end of the period, a reserve for impairment is allocated for the difference.

3.2.3 Investment income and expenses

Financial income includes the revenue from investments received during the fiscal year (rent, dividends, coupon payments, interest on loans and current accounts).

Other investment income includes the pro-rata share in the discount on the bond redemption differences and reversals of reserves for loss in value of investments.

Other investment expenses include the percentage of appreciation on the differences in redemption of bonds, and the depreciation allowance and reserves for investments, and the percentage of general expenses corresponding to investment-management activities.

The capital gains or losses on marketable securities are determined by applying the first-in first-out method (FIFO), and they are recorded in the income statement.

For these same securities, a reversal is made during the year they are sold for the accumulated amortisation of the premium or discount recorded up to the date of sale.

In non-life insurance, investment income and expenses are recorded on the non-operating income statement.

A portion of financial income reverting to technical reserves is transferred to the non-life technical income statement on a basis prorated to the technical reserves and equity.

3.2.4 Forward sale financial instruments

Forward financial instruments are recorded in accordance with the accounting rules of CRC Regulation 2002-09. The forward financial instruments held by Groupama Assurances Mutuelles as of 31 December 2018 are total return swaps used as part of yield strategies. Expenses and income related to total return swaps are spread on a straight-line basis over the expected duration of the strategy. Details are provided in Note 16.

3.3 Other transactions

3.3.1 Intangible assets

Intangible assets mainly consist of:

- IT development expenses amortised over a period of 3 to 5 years by the straight-line method;
- acquired software amortised over a period of 1 to 4 years by the straight-line method;
- developed software amortised over a period of 3 or 4 years by the straight-line method.

The software carries a reserve, if necessary, to recognise an additional impairment deemed to be irreversible at the year end.

3.3.2 Management fees and commissions

Management fees incurred by Groupama Assurances Mutuelles are recorded according to their nature within the de facto Groupama Assurances Mutuelles group; expenses pertaining to other members of the de facto group are billed back to them. They are then classified for the presentation of the financial statements according to their purpose, by applying allocation keys. These keys are determined analytically and reviewed annually according to the Groupama Assurances Mutuelles internal structure and organisation.

The management costs are classified under one of the following five categories:

- claims settlement costs, which specifically include claims services expenses and claims dispute expenses;
- acquisition expenses, which factor in a part of the commissions of the regional mutuals, commissions paid for direct business and other inward reinsurance, advertising, and marketing expenses;
- administrative costs, which include a portion of the commissions of the regional mutuals and management expenses for direct business and inward reinsurance;
- investment expenses, which specifically include investment management services, including fees, commissions and brokerage commissions paid;
- other operating expenses, which include expenses that cannot be assigned directly or by applying a cost to one of the other categories.

Expenses arising from activities with no operating connection with the insurance business are reported as other non-operating expenses.

3.3.3 Foreign currency transactions

In accordance with Article 243-1 of ANC Regulation 2015-11, operational foreign currency position accounts, converted at the inventory price and the equivalent in euros, are offset against foreign exchange income.

For structural transactions, the foreign exchange difference is posted to the balance sheet in unrealised foreign exchange adjustment accounts.

3.3.4 Receivables

Receivables are recorded at their face redemption value (historical cost).

They specifically include:

- for direct insurance operations (these concern non-life insurance operations in co-insurance and co-reinsurance groupings and the operations of the regional mutual of Antilles Guyane not having administrative authorisation to carry out insurance operations):
  - premiums yet to be written for policyholders;
  - premiums yet to be cancelled for policyholders;
  - premiums yet to be collected from policyholders;
  - loans or advances from co-insurers;
- for inward reinsurance operations:
  - The Groupama Assurances Mutuelles share in the premiums yet to be written, and in the premiums to be cancelled by the ceding entities (notably the regional mutuals), net of reinsurance;
  - loans or advances with the ceding entities,
  - receivables due relating to transactions accepted from the ceding entities;
- for outward transactions:
  - loans or advances to outward reinsurers,
  - income owed relating to transactions ceded to outward reinsurers;
- for the other receivables:
  - tax combination loans or advances to daughter companies,
  - receivables from government bodies and social security agencies,

- loans or advances to various other entities,
- other income due.

In the event of a probable loss, an impairment is recognised for the estimated amount that cannot be recovered.

3.3.5 Tangible operating assets

The tangible operating assets account mainly includes:

- fixtures and improvements of premises;
- transportation equipment;
- office equipment;
- furniture;
- computer hardware;
- other tangible assets.

These assets are amortised using either the straight-line method or the accelerated method over the estimated useful lives, which ranges from 2 to 10 years depending on the type of asset.

3.3.6 Accruals – Assets

The accruals accounts on the asset side are mainly composed of:

- interest accrued and income receivable;
- differences on bond-redemption prices;
- acquisition costs carried forward to future years;
- accruals related to FFIs.

3.3.7 Reserves (other than underwriting)

Reserves (other than underwriting) are set up in accordance with the provisions of ANC Regulation 2014-03 on the French national accounting system and concern risks and charges that are clearly specified when they are applicable but whose due date or amount cannot be fixed precisely.

This item also includes regulated provisions consisting mainly of accelerated amortisation on acquisition costs of equity securities.

Reserves for retirement commitments and similar obligations are measured and recognised in accordance with ANC recommendation 2013-02, the applied method being the method based on revised IAS 19 published in June 2011 with the immediate recognition of actuarial gains and losses in the income statement.

3.3.8 Corporate income tax

Groupama Assurances Mutuelles is the parent company of a tax combination group comprising 52 tax-combined entities. As such and in accordance with the provisions of Article 223 B of the French General Tax Code, Groupama Assurances Mutuelles is solely liable for the tax due by the consolidated group.

In addition, each member of the tax consolidation group (including Groupama Assurances Mutuelles as a member of the Group) determines its taxable income as if it were not part of the consolidated group, *i.e.,* it determines its taxable income after deducting its own pre-consolidation losses (equivalent to statement no 2058-A-Bis-SD). On this basis, each member entity calculates an amount of corporate tax at the rate applicable to the head company of the tax consolidation group, *i.e.,* calculated at the normal rate and increased by additional contributions (rate of 34.43%), whatever the actual amount of tax owed by the Group. This amount of corporate tax is paid to Groupama Assurances Mutuelles *via* tax consolidation current accounts.

The tax savings realised by the Group relating to losses are reported at the Groupama Assurances Mutuelles parent company level. They are treated as an immediate gain for the year and not as a simple cash saving.

The savings achieved by the consolidated group, not related to losses, are also retained by the parent company, with the exception of the tax savings achieved on the neutralisation of intra-group dividends between Groupama Assurances Mutuelles and the regional mutuals.

These two items are recorded in the financial statements pursuant to the provisions of notice 2005-G dated 12 October 2005 of the Emergency Committee of the Conseil National de la Comptabilité.

3.3.9 Debts

Payables mainly consist of:

- for direct insurance operations (these concern non-life insurance operations in co-insurance and co-reinsurance groupings and the operations of the regional mutual of Antilles Guyane not having administrative authorisation to carry out insurance operations):
  - policyholders' credit accounts,
  - commissions on premiums earned but not written,
  - advances or loans from co-insurers;
- for inward reinsurance operations:
  - advances or loans with the ceding offices,
  - accrued expenses related to inward transactions from these ceding entities;
- for outward transactions:
  - advances or loans with outward reinsurers,
  - accrued expenses related to inward transactions from these outward reinsurers;
- for the other payables:
  - advances or loans of a financial and operational nature with various other entities,
  - bank overdrafts,
  - taxes and social security owed.

3.3.10 Accruals – Liabilities

Accrual accounts on the liabilities side correspond mainly to the amortisation of differences on bond redemption prices.

3.4 Change in accounting method

No change in accounting method was noted during this fiscal year.

4 NOTES ON THE ANNUAL FINANCIAL STATEMENTS

NOTE 4 INTANGIBLE ASSETS

Statement of movements during the year

(in thousands of euros)	Amount as at 31.12.2017	Transfers inclusions/ removals	Inclusions/ contributions to amortisation	Removals/ write-backs of 31.12.2017	Amount as at 31.12.2018
Gross values [(1)]	115,234	4,883		49	120,068
Amortisation	103,876		5,681		109,557
TOTAL NET AMOUNTS	**11,358**	**4,883**	**(5,681)**	**49**	**10,511**

(1) Composed primarily of IT development costs.

NOTE 5 INVESTMENTS

Note 5.1 Land and buildings

Statement of movements during the year

(in thousands of euros)	Amount as at 31.12.2017	Transfers inclusions/ removals	Inclusions during the year	Removals during the year	Amount as at 31.12.2018
Gross values					
Fixed assets	135,673		94	873	134,894
Shares of real-estate companies	362,862	15	104,509	55,097	412,289
Total gross amounts	**498,535**	**15**	**104,603**	**55,970**	**547,183**
Amortisation/Impairment					
Fixed assets	9,057		1,517	277	10,297
Shares of real-estate companies	45		1		46
Total amortisation	**9,102**		**1,518**	**277**	**10,343**
TOTAL NET AMOUNTS	**489,433**	**15**	**103,085**	**55,693**	**536,840**

Note 5.2 - Investments in related companies and in companies with which there is an equity tie

Summary table

(in thousands of euros)	Amount as at 31.12.2017	GHFP transfer Removals 31.12.2018	Transfers inclusions/ removals	Inclusions during the year	Removals during the year	Amount as at 31.12.2018
Gross values						
Equities and similar instruments						
Related companies	6,934,389		(478)	69,371	92,953	6,910,329
Companies with which there is an equity tie	1,461		463	199	381	1,742
Loans and receivables						
Related companies	1,378,449				12,224	1,366,225
Companies with which there is an equity tie						
Cash deposits with ceding entities	998,496				109,130	889,366
Total gross amounts	**9,312,795**		**(15)**	**69,570**	**214,688**	**9,167,662**
Reserves						
Equities and similar instruments						
Related companies	76,170		(295)	5,734	50,636	30,973
Companies with which there is an equity tie			295	26		321
Loans and receivables						
Related companies						
Companies with which there is an equity tie						
Cash deposits with ceding entities						
Total reserves	**76,170**			**5,760**	**50,636**	**31,294**
TOTAL NET AMOUNTS	**9,236,625**		**(15)**	**63,810**	**164,052**	**9,136,368**

EQUITIES AND SIMILAR INSTRUMENTS

The main movements recorded on shares during the year mainly concerned the disposal of Groupama Seguros Vida shares for €92.1 million.

In addition, Groupama Assurances Mutuelles subscribed to the capital increases of Cofintex 17 (which owns 35% of Orange Banque's financial company) for €62.2 million and Groupama Campus for €6.3 million.

Allowances for long-term impairment relate in particular to Groupama Épargne Salariale for €5.1 million.

Reserve write-backs mainly pertain to Groupama Seguros Vida for €37.1 million, Groupama China for €11.4 million and Groupama Vietnam for €1.2 million.

LOANS

The main movements on loans and advances granted by Groupama Assurances Mutuelles pertain to repayments on the loan granted to Gan Outre-Mer for €12 million.

Note 5.3 Other investments

These are investments other than those mentioned in 5.1 and 5.2, specifically other shares, bonds and mutual fund units.

Statement of movements during the year

(in thousands of euros)	Amount as at 31.12.2017	Transfers inclusions/ removals	Inclusions during the year	Removals during the year	Amount as at 31.12.2018
Gross values					
Fixed-return bonds and mutual funds	1,371,564		133,883	46,372	1,459,075
Variable-income equities and mutual funds	34,039		271	6,975	27,335
Cash mutual funds	332,637		1,589,061	1,109,405	812,293
Other	240,592		140,526	100,124	280,994
Total gross amounts	**1,978,831**		**1,863,741**	**1,262,876**	**2,579,697**
Reserves					
Fixed-return bonds and mutual funds					
Variable-income equities and mutual funds	2,410			522	1,888
Total reserves	**2,410**			**522**	**1,888**
TOTAL NET AMOUNTS	**1,976,421**		**1,863,741**	**1,262,354**	**2,577,809**

Inclusions and removals during the year mainly corresponded to transactions involving money-market funds.

As noted in Paragraph 3.2.2 of Note 3 on accounting principles, permanent impairment is assumed for listed, variable-return securities, particularly:

- if there was a long-term reserve for an investment line in the previous published statement;
- if the investment has consistently shown a significant unrecognised loss from its book value over a period of six consecutive months prior to closing;
- there are objective indicators of long-term impairment.

For fiscal year 2018, a significant unrecognised loss from its book value is assumed if over a period of six months the security is consistently discounted at 20% off its cost price.

SOVEREIGN DEBT INSTRUMENTS OF PERIPHERAL COUNTRIES OF THE EUROZONE

Investments in bonds issued by peripheral countries of the eurozone (Spain, Greece, Ireland, Italy, and Portugal) concern only Italy:

	31.12.2018			31.12.2017		
(in thousands of euros)	Gross cost price	Sale Value	Gross unrealised capital gains/losses	Gross cost price	Sale Value	Gross unrealised capital gains/losses
Italy	12,826	14,147	1,321	12,789	14,988	2,199

NON-SOVEREIGN DEBT INSTRUMENTS IN PERIPHERAL COUNTRIES OF THE EUROZONE

The balance sheet value of the entity's direct investments in bonds issued by companies, banks, local authorities and para-governmental organisations located in peripheral countries of the eurozone (Spain and Italy) was €10.7 million as at 31 December 2018. These securities present a gross unrealised capital gain of €1.3 million.

Note 5.4 Summary table of investments

31 December 2018 *(in thousands of euros)*	Line F0501	Gross value N	Net value N	Sale Value
1. Property investments				
a) Land and buildings		**547,128**	**536,785**	**736,495**
i. Undeveloped land	R0060	0	0	0
ii. Shares of unlisted property companies	R0070	37,880	37,880	71,965
iii. Developed properties excluding operating properties	R0080	205	111	2,675
iv. Units and shares of unlisted real estate companies excluding operating properties	R0090	369,138	369,092	410,792
v. Operating properties (developed properties and shares of unlisted real estate companies)	R0100	139,905	129,702	251,063
b) Land and buildings in progress		**55**	**55**	**55**
i. Land allocated to a building in progress	R0120	0	0	0
ii. Properties under development	R0130	0	0	0
iii. Units and shares of unlisted real estate companies (properties under development)	R0140	0	0	0
iv. Fixed assets subject to property rights (loans for use)	R0150	0	0	0
v. Operating property under development	R0160	55	55	55
TOTAL PROPERTY INVESTMENTS		**547,183**	**536,840**	**736,550**
2. Equities, units and other variable-return securities				
a) Equities, units and other variable-return securities in non-equity-linked entities or affiliates		**1,821,221**	**1,819,333**	**1,840,303**
i. Listed equities and securities	R0210	6,804	5,877	4,904
ii. Mutual fund shares and units holding exclusively fixed-income securities	R0190	981,592	981,592	978,660
iii. Shares and units of other mutuals funds	R0200	831,193	831,193	856,068
iv. Unlisted shares and securities	R0220	1,632	671	671
b) Equities, units and other variable-return securities in affiliates		**6,910,329**	**6,879,356**	**9,569,042**
i. Listed equities and securities	R0240	0	0	0
ii. Unlisted shares and securities	R0250	6,910,329	6,879,356	9,569,042
c) Equities, units, and other variable-return securities in equity-linked entities		**1,742**	**1,421**	**7,374**
i. Listed equities and securities	R0270	0	0	0
ii. Unlisted shares and securities	R0280	1,742	1,421	7,374
TOTAL EQUITIES, UNITS, AND OTHER VARIABLE-RETURN SECURITIES		**8,733,292**	**8,700,110**	**11,416,719**
3. Other investment securities				
a) Other investment securities excluding investments in equity-linked entities or affiliates		**758,475**	**755,587**	**776,073**
i. Bonds, negotiable debt securities, and fixed-income securities		477,483	474,595	495,081
■ Listed bonds:		477,483	474,595	495,081
Bonds and other securities issued or guaranteed by an OECD member State	R0330	202,373	200,751	214,409
Bonds and similar securities issued by securitisation special-purpose vehicles	R0340	0	0	0
Bonds, shares of mutual debt funds, and participating shares traded on a recognised market other than those referred to above	R0350	275,110	273,844	280,672
■ Unlisted bonds		0	0	0
Unlisted bonds issued by securitisation special-purpose vehicles	R0370			
Other unlisted bonds	R0380			
■ Negotiable debt securities and treasury bills		0	0	0
Negotiable debt securities of no more than one year	R0400	0	0	0

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31 December 2018 *(in thousands of euros)*	Line F0501	Gross value N	Net value N	Sale Value
Medium-term negotiable notes	R0410	0	0	0
Negotiable debt instruments	R0420	0	0	0
Treasury bills	R0430	0	0	0
■ Other	R0440			
ii. Loans		2,038	2,038	2,038
■ Loans obtained or guaranteed by an OECD member State	R0460			
■ Mortgage loans	R0470			
■ Other loans		2,038	2,038	2,038
Secured loans	R0490	2,038	2,038	2,038
Unsecured loans	R0500	0	0	0
■ Advances on policies	R0510	0	0	0
iii. Deposits with credit institutions	R0520	139,000	139,000	139,000
iv. Other investments		139,954	139,954	139,954
■ Deposits and guarantees	R0540	62,847	62,847	62,847
■ Receivables representing lent securities	R0550	0	0	0
■ Security deposits related to financial futures in cash	R0560	0	0	0
■ Securities provided as collateral with transfer of ownership for transactions on FFI	R0570	77,107	77,107	77,107
■ Other	R0580	0	0	0
v. Receivables for cash deposited with ceding companies	R0590	0	0	0
vi. Receivable for the deposit component of a reinsurance contract				
b) Investments representing technical reserves related to unit-linked contracts		**0**	**0**	**0**
Real-estate investments	R0980	0	0	0
Variable-return securities other than mutual funds	R0990	0	0	0
Bonds, negotiable debt securities, and other fixed-income securities	R1000	0	0	0
Units of mutual funds holding only fixed-income securities	R1010	0	0	0
Shares in other mutual funds	R1020	0	0	0
c) Other investment securities in affiliates		**2,255,591**	**2,255,591**	**2,255,591**
i. Bonds, negotiable debt securities, and fixed-income securities				
■ Listed bonds and similar securities				
Bonds and similar securities issued by securitisation special-purpose vehicles	R0630			
Bonds, shares of mutual debt funds, and participating shares traded on a recognised market other than those referred to above	R0640			
■ Unlisted bonds				
■ Negotiable debt instruments				
■ Other	R0720			
ii. Loans	R0730	1,366,225	1,366,225	1,366,225
iii. Deposits with credit institutions	R0740	0	0	0
iv. Other investments	R0750	0	0	0
v. Receivables for cash deposited with ceding companies	R0760	889,366	889,366	889,366
vi. Receivable for the deposit component of a reinsurance contract	R0770	0	0	0

31 December 2018 *(in thousands of euros)*	Line F0501	Gross value N	Net value N	Sale Value
d) Other investment securities in equity-linked entities		**0**	**0**	**0**
i. Bonds, negotiable debt securities, and fixed-income securities		0	0	0
Listed bonds and similar securities				
Unlisted bonds				
Negotiable debt instruments				
Other	R0900			
Total other investment securities		**3,014,066**	**3,011,178**	**3,031,664**
TOTAL INVESTMENTS (1)		**12,294,541**	**12,248,128**	**15,184,933**

(1) including premium/discount

NOTE 6 SHARE OF OUTWARD REINSURANCE AND RETROCESSIONAIRES IN TECHNICAL RESERVES

	31.12.2018				31.12.2017			
(in thousands of euros)	Pools and CDA (1)	Retro on inward from RMs	Other Retrocessions	Total	Pools and CDA (1)	Retro on inward from RMs	Other Retrocessions	Total
Reserves for unearned premiums	5,629	583		6,213	5,579	104		5,683
Reserves for claims	106,891	422,913	371,808	901,613	198,895	530,654	324,244	1,053,793
Reserves for profit sharing								
Equalisation reserves	1,371		3,652	5,022	1,468		2,892	4,361
Other technical reserves	5,953	198,637		204,590	7,213	192,476		199,689
TOTAL	**119,845**	**622,133**	**375,460**	**1,117,438**	**213,155**	**723,235**	**327,136**	**1,263,526**

(1) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing (CDA).

NOTE 7 RECEIVABLES

	31.12.2018				31.12.2017			
	Maturity:				Maturity:			
(in thousands of euros)	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Receivables net of impairments								
Receivables relating to direct insurance operations:	**4,574**	**10,330**		**14,904**	**13,349**	**3,148**		**16,497**
Earned premiums not written	(2,596)			(2,596)	1,924			1,924
Other receivables relating to direct insurance transactions:	7,170	10,330		17,500	11,425	3,148		14,573
Policyholders	1,441	3,148		4,589	1,467	3,148		4,615
Insurance intermediaries	56			56	67			67
Co-insurers	5,673	7,182		12,855	9,891			9,891
Other third parties								
Receivables relating to reinsurance transactions:	**365,783**	**6,358**		**372,141**	**375,831**	**87,490**		**463,321**
Reinsurers	93,824	(2,450)		91,374	58,785	41,896		100,681
Ceding entities	271,959	8,808		280,767	317,046	45,594		362,640
Other intermediaries								
Other receivables:	**158,328**			**158,328**	**164,532**			**164,532**
Personnel	1,668			1,668	293			293
Government, Social Security, and local authorities	86,322			86,322	57,877			57,877
Other debtors	70,338			70,338	106,362			106,362
Unpaid called-up capital								
TOTAL RECEIVABLES	**528,685**	**16,688**		**545,373**	**553,712**	**90,638**		**644,350**

NOTE 8 ACCRUALS – ASSETS

(in thousands of euros)	31.12.2018	31.12.2017
Accrued interest not yet due	26,277	25,855
Deferred acquisition costs	3,588	3,313
Reimbursement price differences receivable	1,617	1,339
Other accruals	116,487	103,329
TOTAL ASSET ACCRUALS	**147,969**	**133,836**

NOTE 9 CHANGES IN GROUP'S EQUITY

Composition of initial capital

The initial capital consists of 411,824,587 mutual certificates with a par value of €8.785.

Statement of movements in reserves and changes in group's equity

		Allocation of 2017 result						
(in thousands of euros)	31.12.2017	Result	Dividends	Contribution of GH2	Contribution of GH	Conversion	Result of fiscal year	31.12.2018
Group's equity								
Initial capital						3,617,879		3,617,879
Share capital	**2,088,305**			**6,138**	**16,669**	**(2,111,112)**		
Issue premiums	360,794					(360,794)		
Merger premiums	38,805			4,422	15,319	(58,546)		
Contribution premiums	2,147					(2,147)		
Conversion difference						(393,043)		(393,043)
Additional paid-in capital	**401,746**			**4,422**	**15,319**	**(814,530)**		**(393,043)**
Regulatory reserves								
Capitalisation reserve								
Other reserves	168,923					(168,923)		
Other reserves	**168,923**					**(168,923)**		
Retained earnings	**18,458**	**518,863**	**(14,006)**			**(523,315)**		
Net income for fiscal year	**518,863**	**(518,863)**					**165,302**	**165,302**
TOTAL	**3,196,295**		**(14,006)**	**10,560**	**31,988**		**165,302**	**3,390,138**

Following the promulgation of the law of 9 December 2016 on transparency, the fight against corruption, and modernisation of the economy (Sapin 2 law), Groupama SA was converted on 7 June 2018 into a national agricultural reinsurance fund with the status of mutual insurance company, commonly known as Groupama Assurances Mutuelles. This operation was preceded by two mergers with Groupama SA involving Groupama Holding 2 and then Groupama Holding, which led the regional mutuals to hold shares in Groupama SA directly. Pursuant to the law and after the vote at the General Meeting of Groupama SA, the regional mutuals subsequently became members of Groupama Assurances Mutuelles, with their Groupama SA shares being simultaneously converted into mutual certificates issued by Groupama Assurances Mutuelles. The value of the mutual certificates issued as part of the conversion constitutes the initial capital of Groupama Assurances Mutuelles and corresponds to the valuation of the merged entity GSA/GH/GH2 at the time of the conversion.

This conversion resulted in the recording in the shareholders' equity of Groupama Assurances Mutuelles of an initial conversion difference of €393.04 million, corresponding to the difference between book equity of the merged entity GSA/GH/GH2 and its valuation at the time of the conversion.

This conversion difference will be justified by a chronicle of corporate book results net of compensation of the Groupama Assurances Mutuelles mutual certificates over an initial horizon of ten years from the conversion year. If it is impossible to justify the amount of the conversion difference, the unjustified portion of the conversion difference will be charged against the initial capital of Groupama Assurances Mutuelles.

The conversion difference will be cleared by the allocation of the book results net of remuneration of Groupama Assurances Mutuelles mutual certificates for the ten future financial years.

NOTE 10 SUBORDINATED LIABILITIES

"Subordinated liabilities", which stood at €2,732.5 million at 31 December 2018, is detailed as follows:

- a perpetual subordinated debt in euros issued in May 2014 at a fixed rate of 6.375% until the first call date for a Par value of €1,100 million, with the possibility for Groupama Assurances Mutuelles to apply an early redemption from May 2024;
- TSR issued in October 2009 at a fixed rate of 7.875%, revisable in October 2019, with a term of thirty years and a nominal value of €500 million;
- TSR issued in January 2017 for a nominal value of €650 million at a fixed rate of 6% over a period of ten years. The nominal difference remaining to be amortised at 31 December 2018 is €12.3 million;
- TSR issued in September 2018 for a nominal value of €500 million at a fixed rate of 3.375% for a 10-year term and for which the issue premium is recorded as a deduction from the nominal value issued and amortised on a straight-line basis over the life of the bond.

NOTE 11 TECHNICAL RESERVES OF NON-LIFE INSURANCE

Note 11.1 Breakdown of gross technical reserves

	31.12.2018				31.12.2017			
(in thousands of euros)	Pool and CDA (1)	Inward reinsurance from regional mutuals	Other inward reinsurance	Total	Pool and CDA (1)	Inward reinsurance from regional mutuals	Other inward reinsurance	Total
Reserves for unearned premiums	10,214	190,110	142,920	343,244	10,166	180,101	141,347	331,614
Reserves for claims	324,382	2,732,436	1,303,901	4,360,719	582,581	2,559,198	1,285,532	4,427,310
Reserves for profit sharing			196	196	0		266	266
Equalisation reserves	2,750	68,817	51,894	123,461	2,946	69,903	124,877	197,726
Other technical reserves	89,693	935,995	103,649	1,129,337	96,428	948,997	122,058	1,167,483
TOTAL	**427,039**	**3,927,358**	**1,602,560**	**5,956,958**	**692,120**	**3,758,199**	**1,674,080**	**6,124,400**

(1) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.

MEASUREMENT OF RESERVES FOR NON-REPORTED AND LATE CLAIMS (IBNR)

Outstanding claims reserves totalled €4,360 million at 31 December 2018. These reserves are valued on the basis of an actuarial approach, defined in accordance with a group methodology. By means of valuations of final costs based on payment triangles or costs (by risk segment), this method permits a determination of the sufficient amount of outstanding claims reserve. This valuation incorporates the valuation of delinquent claims and expected recoveries into its approach.

LONG-TERM CARE

The total amount of reserves relating to long-term care risk stood at €384.2 million at 31 December 2018 (including €272.5 million for the reserve for increasing risks). The actuarial reserves for annuities in service and outstanding claims reserve, covering outstanding claims, were determined based on experience data from the long-term care portfolio – law on long-term care – and a technical rate of 0.62% (75% TME). Reserves for increasing risks, covering future claims (likely present value of the commitments of the insurer and the insured) were determined on the basis of experience data from the long-term care portfolio – law on death of able-bodied people, laws on impact differentiated by product, and law on long-term care – and a technical rate of 0.90%, aiming to reflect the current financial environment. A sufficiency test of the long-term care reserves, including any anticipations of tariff revisions is conducted each year.

EQUALISATION RESERVES

Groupama Assurances Mutuelles recorded an allocation to equalisation reserves of €3.2 million as of 31 December 2018 as well as a stability fund reserve writeback of €77.4 million.

"Equalisation reserves" includes stability funds on group insurance policies for a total of €36.6 million at 31 December 2018 versus €117.5 million in 2017. This change is mainly due to the change in the quota share agreement with Gan Assurances.

EARLY APPLICATION OF ANC REGULATION NO 2018-08 OF 11 DECEMBER 2018

Groupama Assurances Mutuelles applied in advance in its financial statements at 31 December 2018 the new provisions of ANC Regulation no 2018-08 on the revaluation rate of technical reserves for payments and other disability and invalidity benefits, which is now 2% compared with 2.25% in previous years, and the discount rate of the technical reserves for annuities, which now corresponds to 60% of the average TME for the last 24 months plus 10 basis points, compared with 60% of the average TME for the last 24 months in previous years.

The impact of these provisions on the technical reserves for pending annuities allocated for traffic accidents and on the technical reserves for pensions in service is €87.9 million.

Note 11.2 Change over the past five years in claims regulations applied since its inception and the outstanding claims reserve

CHANGE IN ACCRUED PREMIUMS AND CLAIMS

The data presented below correspond to changes in the following portfolios:

- inward reinsurance from regional mutuals;
- direct business;
- other inward reinsurance.

	Fiscal years					
(in thousands of euros)	**2013 and earlier**	**2014**	**2015**	**2016**	**2017**	**2018**
Estimate of the claims expense:						
at end of N	21,925,522	1,550,777	1,329,591	1,872,609	1,927,798	1,942,129
at end of N+1	21,871,922	1,548,840	1,270,869	1,746,946	1,992,447	
at end of N+2	21,904,661	1,521,798	1,375,629	1,638,044		
at end of N+3	21,841,512	1,539,965	1,365,828			
at end of N+4	21,836,070	1,529,440				
at end of N+5	21,770,368					
Claims expense (a)	**21,770,368**	**1,529,440**	**1,365,828**	**1,638,044**	**1,992,447**	**1,942,129**
Cumulative claims payments (b)	**20,654,843**	**1,146,373**	**1,170,777**	**896,667**	**1,304,643**	**785,738**
Outstanding claims reserves (a)-(b)=(c) ***(net of the retained share of the CDA)***	**1,115,525**	**383,067**	**195,051**	**741,377**	**687,804**	**1,156,391**
Earned premiums	**26,457,682**	**2,159,433**	**2,183,727**	**2,195,526**	**2,661,248**	**2,644,140**
S/P	**82.28%**	**70.83%**	**62.55%**	**74.61%**	**74.87%**	**73.45%**

Note 11.3 Change in opening claims reserves

Liquidation of claims reserves gross of reinsurance

(in thousands of euros)	**2018**	**2017**
Opening claims reserves net of expected recoveries	4,321,588	3,364,014
Payments made during the year for previous years net of expected recoveries	(1,040,894)	(368,329)
Closing claims reserves net of expected recoveries	(3,110,918)	(2,953,221)
SURPLUS/DEFICIT	**169,777**	**42,465**

The opening surplus posted in 2018 on claims reserves totalled €169.8 million. It mainly consists of a €36.0 million surplus on the risks accepted on the regional mutuals' portfolio and an €87.5 million on run-off operations due to the amicable agreement on the World Trade Center file of the Réunion Aérienne pool.

NOTE 12 RESERVES (OTHER THAN UNDERWRITING)

(in thousands of euros)	Total reserves as at 31.12.2017	Increase in reserves during the fiscal year	Write-backs for the year	Total reserves as at 31.12.2018
Regulatory reserves	101		101	
Reserves for pensions and similar obligations	50,590	48,583	50,590	48,583
Tax reserves				
Other contingent liabilities reserves	52,761	14,919	41,112	26,568
Other reserves for charges				
TOTAL	**103,452**	**63,502**	**91,803**	**75,151**

The “reserve (other than underwriting)” item included in liabilities of the balance sheet as at 31 December 2018 for €75.1 million particularly includes reserves for pension and similar commitments, which includes a reserve related to pension commitments for employees and former employees of absorbed subsidiaries (SMDA), and a reserve for the pension fund closed since 1997 of Groupama Insurances in the UK taken over by Groupama Assurances Mutuelles following the disposal of the subsidiary Groupama Insurances.

However, a significant part of the end-of-career benefit commitments for Groupama Assurances Mutuelles employees is outsourced mainly to Groupama Gan Vie. Non-covered retirement obligations are provisioned in a reserve for retirement commitments.

NOTE 13 LIABILITIES

(in thousands of euros)	31.12.2018				31.12.2017			
	Maturity				Maturity			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Other debts								
Debts arising from direct insurance operations:	**3,428**			**3,428**	**6,259**	**55,097**		**61,356**
Policyholders	80			80	88			88
Insurance intermediaries	34			34	60			60
Co-insurers	3,314			3,314	6,111	55,097		61,208
Other third parties								
Debts relating to reinsurance transactions:	**259,010**	**10,741**		**269,751**	**252,785**	**6,129**		**258,914**
Reinsurers	166,715	10,672		177,387	159,847	3,171		163,018
Ceding entities	92,295	69		92,364	92,938	2,958		95,896
Other intermediaries								
Bonds (including convertible bonds)	**85,290**	**482,640**		**567,930**	**72,695**	**374,378**	**120,062**	**567,135**
Debt to credit institutions								
Other liabilities:	**964,814**			**964,814**	**1,021,667**			**1,021,667**
Other loans, deposits and guarantees received	699,561				740,183			740,183
Personnel, Social Security organisations and local authorities	40,342				39,047			39,047
Government, Social Security	33,979				37,821			37,821
Other creditors	190,932				204,616			204,616
TOTAL	**1,312,542**	**493,381**		**1,805,923**	**1,353,406**	**435,604**	**120,062**	**1,909,072**

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NOTE 14 ACCRUALS – LIABILITIES

(in thousands of euros)	31.12.2018	31.12.2017
Deferred amortisation on reimbursement price	6,157	5,202
Other accruals	1,422	6,800
TOTAL ACCRUED LIABILITIES	**7,579**	**12,002**

NOTE 15 ASSETS AND LIABILITIES CONCERNING RELATED COMPANIES AND EQUITY-LINKED COMPANIES

Cash and receivables

	31.12.2018				31.12.2017			
(in thousands of euros)	Related Companies	Companies w/equity link	Other	Total	Related Companies	Companies w/equity link	Other	Total
A) Assets								
Intangible assets	**10,511**			**10,511**	**10,435**		**923**	**11,358**
Investments								
Property	411,841	402	124,597	536,840	362,755	61	126,616	489,432
Shares & other variable-income securities	6,879,356	1,421	1,819,333	8,700,110	6,858,219	1,461	1,345,859	8,205,539
Bonds & other fixed income securities			477,483	477,483			389,972	389,972
Loans	1,366,225		2,038	1,368,263	1,378,449		2,621	1,381,070
Deposits with other credit institutions								
Other investments			278,954	278,954			237,970	237,970
Receivable cash at ceding entities	857,725		31,641	889,366	957,948		40,548	998,496
Investments in unit-linked policies								
Reinsurer share of technical reserves								
Unearned premiums (non-life)	6,213			6,213	5,683			5,683
Prov. Claims reserves (non-life)	432,508		469,105	901,613	376,708		677,084	1,053,792
Share of earnings and dividends (non-life)								
Equalisation reserves	4,951		71	5,022	4,361			4,361
Other underwr. reserves. (non-life)	6,035		198,555	204,590	7,295		192,395	199,690
Share of agencies exempt from approval								
Receivables from direct insurance transactions								
Of which policyholders	(3,236)		5,228	1,992	1,221		5,317	6,538
Of which insurance intermediaries			56	56			67	67
Of which other third parties			12,855	12,855			9,892	9,892
Receivables from reinsurance operations	**136,898**		**235,244**	**372,142**	**186,505**	**291**	**276,526**	**463,322**
Personnel			**1,668**	**1,668**			**293**	**293**
Government, Social Security and local authorities			**86,322**	**86,322**			**57,878**	**57,878**
Other debtors	**33,288**	**285**	**36,765**	**70,338**	**68,282**	**203**	**37,876**	**106,361**
Tangible operating assets			**1,834**	**1,834**			**12,979**	**12,979**
Cash and equivalents		**50,760**	**1,058**	**51,818**		**28,745**	**31,831**	**60,576**
Interest & lease payments written and not due			**26,277**	**26,277**			**25,855**	**25,855**
Deferred acquisition costs	**3,156**		**432**	**3,588**			**3,313**	**3,313**
Other accruals – assets	**21,489**		**96,615**	**118,104**	**21,521**		**83,147**	**104,668**
Unrealised foreign exchange adjustments								
TOTAL	**10,166,960**	**52,868**	**3,906,131**	**14,125,959**	**10,239,382**	**30,761**	**3,558,962**	**13,829,105**

Liabilities and commitments

	31.12.2018				31.12.2017			
(in thousands of euros)	Related Companies	Companies w/equity link	Other	Total	Related Companies	Companies w/equity link	Other	Total
B) Liabilities								
Shareholders' equity	**3,390,138**			**3,390,138**	**3,196,295**			**3,196,295**
Share capital/initial capital	3,617,879			3,617,879	2,088,305			2,088,305
Other shareholders' equity	(227,741)			(227,741)	1,107,990			1,107,990
Subordinated liabilities			**2,732,516**	**2,732,516**			**2,236,138**	**2,236,138**
Gross technical reserves								
Unearned premiums (non-life)	339,218		4,026	343,244	327,457		4,157	331,614
Claims reserves (non-life)	3,917,236		443,483	4,360,719	3,915,241		512,070	4,427,311
Share of earnings and dividends (non-life)	196			196	266			266
Equalisation reserves	113,550		9,911	123,461	188,995		8,731	197,726
Other techn. reserves (non-life)	1,121,526		7,811	1,129,337	1,156,458		11,025	1,167,483
Contingent liabilities			**75,152**	**75,152**	**101**		**103,351**	**103,452**
Debts for cession. cash			**157,693**	**157,693**			**247,748**	**247,748**
Debts from direct insurance transactions								
Owed to policyholders			80	80			88	88
Owed to insurance intermediaries			34	34			60	60
Owed to other third parties			3,314	3,314			61,208	61,208
Debts from reinsurance transactions	**121,023**		**148,728**	**269,751**	**131,466**	**2**	**127,446**	**258,914**
Bond debt	**567,930**			**567,930**	**567,134**			**567,134**
Debts to credit establishments								
Other debts								
Other loans, deposits and guarantees received	**532,171**		**167,390**	**699,561**	**577,264**		**162,919**	**740,183**
Personnel			**40,342**	**40,342**			**39,047**	**39,047**
Government, Social Security and local authorities			**33,979**	**33,979**			**37,821**	**37,821**
Other creditors	**118,463**	**30**	**72,440**	**190,933**	**167,598**	**1,639**	**35,378**	**204,615**
Accruals – liabilities			**7,579**	**7,579**			**12,002**	**12,002**
Unrealised foreign exchange adjustments								
TOTAL	**10,221,451**	**30**	**3,904,478**	**14,125,959**	**10,228,275**	**1,641**	**3,599,189**	**13,829,105**

NOTE 16 COMMITMENTS RECEIVED AND GIVEN

Commitments received

The €752.1 million of commitments received correspond mainly to:

- a contractual commitment given on 8 December 2004 in connection with the opening of a credit line of €750 million, maturing in February 2019;
- various other commitments received for €2.1 million concerning related companies or equity-linked companies.

Commitments given

The €704.1 million of commitments given by Groupama Assurances Mutuelles correspond mainly to:

- commitments on unlisted funds of €14.3 million;
- a total of €80.9 million of guarantees on liabilities granted along with the sale of Groupama Seguros;
- a loan agreement with GUK Brokerage Services for €38.6 million;
- an amendment to the cash advance agreement for €31.5 million between Groupama Assurances Mutuelles and Groupama Investissements for €7.7 million;
- securities pledged to Group companies for €341.9 million;
- securities pledged to Allianz for €26.3 million;
- various other commitments given for €2.4 million, including €2.2 million concerning related companies or equity-linked companies;
- guarantees granted as part of the contribution of Groupama Banque securities to Compagnie Financière d'Orange Bank for €75 million;
- guarantees granted as part of the sale of 95% of the securities of SCI Domaine de Nalys to Financière Guigal for €2.5 million;
- guarantees granted in connection with the sale of 94% of Carole Nash shares held by GUK Booking Services to Atlanta Investment Holding A & 2 for €94.7 million;
- guarantees granted in connection with the sale of Mastercover held by GUK Booking Services to Nevada Investment Topco and Nevada Investment Holdings 7 for €3.4 million;
- guarantees granted as part of the sale of Groupama Seguros de Vida t Benefits and Increases Unipessoal Lda for €10.5 million;
- guarantees granted as part of the sale of 50% of the shares of Présence Verte SA and its subsidiary PVTAP to Association Nationale Présence Verte for €1.7 million;
- commitments given on a promise to sell property for €2.4 million;
- a first-demand guarantee given to SNC West Park 92 for the payment of rent, equipment fees, charges, and refundable and other taxes during the lease for €1.8 million.

The commitments received for reinsurance totalling €394.5 million include securities received as collateral from outward reinsurers and retrocessionaires and securities provided by entities reserved for joint and several guarantees.

Securities received as collateral from outward reinsurers and retrocessionaires

The amount corresponds to securities received under pledge from outward reinsurers for €293.5 million.

Sureties given by reinsured entities with joint and several guarantee

The amount corresponds to securities received from the Antilles Guyane regional mutual, of which Groupama Assurances Mutuelles is the substitute reinsurer, with respect to the representation of its technical reserves of €101 million held in custody.

Long-term financial instruments outstanding

The outstanding long-term financial instruments of Groupama Assurances Mutuelles amounted to €482.6 million, corresponding to the establishment of swaps to hedge the entire Zen structured bond issue for €482.6 million.

Other unquantified and unlimited commitments received and given

Before or during the year, Groupama Assurances Mutuelles also granted or obtained unquantified or unlimited commitments involving notably:

the guarantee given to Société d'Assurances de Consolidation des Retraites de l'Assurance (SACRA) for contractual obligations made by Groupama Asset Management to SACRA starting in June 2014;

- the letter of intent written by Groupama Assurances Mutuelles to the Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI) as part of the creation of Groupama Épargne Salariale;
- the assumption by Assurances Mutuelles of the guarantee given by Groupama Reassurance to Sorema NA (now General Security National Insurance Company) regarding the payment of all obligations stemming from two retrocession contracts underwritten by Rampart (Le Mans Re and MMA portfolios);
- the unconditional guarantees granted by Groupama Assurances Mutuelles to Gan Assurances, which require it to supply if applicable the financial means necessary to satisfy the payment of claims relating to insurance policies signed by said companies; these guarantees were designed to improve the debt ratings of these companies and terminated during fiscal year 2012, but rights and obligations under these guarantees remain. Groupama Assurances Mutuelles is also responsible for commitments of this type given previously by the CCAMA to group entities (some of which have been divested) that have since been cancelled but for which certain rights and obligations still exist;

- the usual specific and technical guarantees (run off) upon the disposal of The Gan Company of Canada Ltd. to CGU group Canada Ltd.;
- the specific usual guarantees during the sale of Gan Eurocourtage's brokerage portfolio to Allianz;
- the fundamental guarantees (authorisations, ownership of equities, position of the bank, absence of subsidiaries and equity interests) related to the contribution of Groupama Banque securities to Compagnie Financière d'Orange Bank;
- the specific guarantees (professional liability not covered by the insurance taken out, management of sums on behalf of insurers and policyholders) related to the sale of 94% of Carole Nash's debts held by GUK Booking Services (subsidiary of Groupama Assurances Mutuelles) to Atlanta Investment Holding A & 2;
- the specific guarantees (professional liability not covered by the insurance taken out, management of sums on behalf of insurers and insured) and fundamental guarantees (authorisations, ownership of securities, absence of bankruptcy) related to the sale of Mastercover held by GUK Booking Services Nevada Investments Topco and Nevada Investment Holdings 7;
- the specific and fundamental guarantees related to the sale of 50% of the shares of Présence Verte SA and its subsidiary PVTAP.

NOTE 17 OPERATING INCOME STATEMENT BY SOURCE

	31.12.2018			31.12.2017			
(in thousands of euros)	Run-off and CDA	Inward reinsurance	Total	Run-off and CDA	Portfolio transfer	Inward reinsurance	Total
Earned premiums	75,177	2,668,499	2,743,676	76,165	(30,837)	2,662,647	2,707,975
Claims expense	(50,011)	1,886,259	1,836,248	334,297	172,639	1,456,768	1,963,705
Charges from other technical reserves	6,734	31,483	38,217	(10,005)	36,118	(117,221)	(91,108)
Change in the equalisation reserve	195	74,069	74,264	184	119,893	(151,008)	(30,931)
Profit sharing	0	0	0	0		0	0
A- Underwriting result	**132,117**	**887,791**	**1,019,908**	**(267,953)**	**(47,465)**	**937,650**	**622,232**
Acquisition costs	716	351,127	351,843	502		317,956	318,458
Administrative costs	0	211,771	211,771	0		209,249	209,249
Other technical costs and income	(2,745)	150,233	147,488	(947)		153,232	152,285
B- Net acquisition and management expenses	**(2,029)**	**713,132**	**711,103**	**(445)**		**680,437**	**679,992**
C- Allocated investment income	**0**	**57,405**	**57,405**	**0**		**271,020**	**271,020**
D- Reinsurance Result	**105,835**	**200,645**	**306,480**	**9,495**	**311**	**(26,810)**	**(17,004)**
OPERATING PROFIT/LOSS (A-B+C-D)	**28,311**	**31,419**	**59,731**	**(277,003)**	**(47,776)**	**555,042**	**230,264**

NOTE 18 INVESTMENT INCOME AND EXPENSES

	31.12.2018				31.12.2017			
Type of income (in thousands of euros)	Related Companies	Companies with equity link	Other origins	Total	Related Companies	Companies with equity link	Other origins	Total
Investment income								
Investment income	276,192	960	19,028	296,180	498,609	2,372	18,886	519,867
Investment income	239,895	960		240,855	476,872	2,372		479,244
Income from real estate investments	36,034		17	36,051	21,596		23	21,619
Income from other investments	263		19,011	19,274	141		18,764	18,905
Other financial income								
Other investment income	52,481	64	13,933	66,478	131,337	75,784	50,201	257,322
Profits on the sale of investments		1,416	3,424	4,840	38,514	10,010	65,614	114,138
Total investment income	**328,673**	**2,440**	**36,385**	**367,498**	**668,460**	**88,166**	**134,701**	**891,327**
Investment expenses								
Internal and external investment management costs and financial expenses	24,595	185	170,220	195,000	18,639	514	181,490	200,643
Other investment expenses	5,822	26	18,397	24,245	28,418	17,283	22,515	68,216
Losses on the sale of investments	40,312	96	9,275	49,683		65,557	79,537	145,094
Total investment expenses	**70,729**	**307**	**197,892**	**268,928**	**47,057**	**83,354**	**283,542**	**413,953**
NET INVESTMENT INCOME	**257,944**	**2,133**	**(161,507)**	**98,570**	**621,403**	**4,812**	**(148,841)**	**477,374**

The decrease in “Investment income” comes from a decrease in dividend distributions in 2018 from subsidiaries.

The “Other investment expenses” and “Other investment income” items include net writebacks of allocations to reserves for long-term impairment for €45.3 million at 31 December 2018 versus a net writeback of €55.4 million in 2017. In 2017, a repayment by Groupama Gan Vie of the compensation related to the capital gain realised from the sale of the Icade share for €108.4 million had been recorded.

NOTE 19 OTHER NON-TECHNICAL INCOME AND EXPENSES

Other non-underwriting expenses of -€17.3 million mainly consist of general expenses broken down by budget control.

NOTE 20 EXTRAORDINARY INCOME AND EXPENSES

The 2018 extraordinary result was an expense of -€15.6 million and mainly consists of grants paid as part of the financing of the major programmes to the Group entities for -€21.9 million, as well as an expense of -€3.4 million related to the repayment of shares held by minority shareholders and an extraordinary expense of -€4.3 million on pension commitments offset by a writeback of +€14.1 million on the tax reserve.

NOTE 21 INCOME TAX

Tax charge

(in thousands of euros)	31.12.2018	31.12.2017
Corporate income tax payable	(28,738)	(114,186)
Reserves linked to fiscal consolidation gains in year N	142,236	210,441
Reserve for tax consolidation income N-1		
Actual tax consolidation income N-1		
Carry-back		
Other	(16,087)	11,086
TOTAL INCOME TAX	**97,411**	**107,341**

Specific nature and make-up of the "Corporate income tax" line

At 31 December 2018, the "income tax" line includes a net tax credit of €97.4 million that breaks down as follows:

- tax consolidation income: €187.3 million;
- tax consolidation expenses: -€61.1 million;
- Group corporate tax expense: -€28.7 million.

"Income tax" consists of taxable income posted to individual tax income for the year from consolidated subsidiaries totalling €142.2 million.

The tax consolidation group generated a taxable profit of €83.6 million subject to corporate tax at the ordinary tax rate. As a result, the corporate tax expense of the tax consolidation group was a total amount of €28.7 million: €27.8 million for corporation tax at the ordinary rate and €0.9 million for the 3.3% social contribution.

Tax loss carry-forwards

At 31 December 2018, the consolidated group no longer had short-term carry-forwards.

Groupama Assurances Mutuelles tax audit

Groupama Assurances Mutuelles underwent a tax audit in 2010. Reserves have not been recognised for some of the adjustments considered to be excessive by the tax authorities for technical reserves for property and casualty as well as long-term care risk. Groupama Assurances Mutuelles essentially believes that the reasons behind the adjustments are highly questionable, and it thus has a technical case to make in litigation. The sums demanded in 2013 have been recorded in tax debts with an offset to income receivable from the government. This account was reduced for the carry-back then the corporate tax abatement over fiscal year 2009.

NOTE 22 BREAKDOWN OF EMPLOYEE EXPENSES

(in thousands of euros)	31.12.2018	31.12.2017
Salaries	69,552	69,721
Social Security charges	31,278	32,652
Other	6,271	1,997
TOTAL	**107,101**	**104,370**

These figures correspond to the de facto Groupama Assurances Mutuelles grouping after allocation to each of its constituents. In 2018, the average rate of expenses of the group kept by Groupama Assurances Mutuelles is 73.70%.

The Company receives the tax credit for competitiveness and employment (CICE) calculated in accordance with Article 244 *quater* C of the French General Tax Code at 6%. For fiscal year 2018, the CICE amounted to €0.3 million.

The use of this tax credit particularly permitted the financing of:

- actions to improve the competitiveness of the Company through investments relating to business prospecting, improvement of customer satisfaction, and reinforcement of technical analysis and management procedures;
- IT and process developments related to the use of new technologies;
- employee training.

NOTE 23 WORKFORCE

Employees

Total number	31.12.2018	31.12.2017
Senior management	142	157
Executives	920	934
Non-managerial staff	171	174
TOTAL EMPLOYEES	**1,233**	**1,265**

NOTE 24 DIRECTORS' COMPENSATION

Compensation paid to the Groupama Assurances Mutuelles administrative and executive bodies in 2018 was €294.5K and €7,119K respectively. All compensation and benefits paid to Managers are detailed in section 3.3 of this registration document.

NOTE 25 SUBSIDIARIES AND EQUITY INTERESTS

Information about subsidiaries and equity interests *(in thousands of euros)*

Detailed information about equity interests with gross amount greater than 1% of the capital of the Company subject to publication:	Proportion of Capital held as at 31.12.2018	Book value of securities held as at 31.12.2018		Premium income of the last fiscal year	Result of the last fiscal year
		Gross	Net		
Subsidiaries (more than 50% owned)					
Insurance companies:					
Other companies:					
GROUPAMA HOLDING FILIALES ET PARTICIPATIONS	100.00%	6,293,845	6,293,845	0	249,770
COFINTEX 17	89.75%	265,897	265,897	0	(36)
COFINTEX 2	84.00%	222,656	222,656	0	26,646
Stakes held between 10 & 50%					
Insurance companies:					
GROUPAMA AVIC PROPERTY INSURANCE	50.00%	63,526	52,035	295,311	4,423
Other companies:					
COMPAGNIE FONCIÈRE PARISIENNE	32.75%	258,906	258,906	18,874	122,291

NOTE 26 INFORMATION CONCERNING SUBSIDIARIES AND EQUITY INTERESTS

Overall information on all subsidiaries and equity interests *(in thousands of euros)*	Book value of securities held		Total loans and advances granted	Total guarantees and surety given	Total dividends collected (1)
	Gross	Net			
Subsidiaries:					
French	6,816,090	6,810,983	1,408	244	162,961
Foreign	19,193	10,751	0	0	0
Equity interests:					
French	319,241	315,286	101,480	0	35,774
Foreign	63,989	52,177	0	0	0

(1) Including SCI results.

NOTE 27 CONSOLIDATION

Groupama Assurances Mutuelles prepares:

- consolidated financial statements incorporating all of its subsidiaries;
- combined financial statements incorporating the regional mutuals with which a combination agreement has been signed.

The consolidated and combined financial statements are prepared in accordance with International Financial Reporting Standards and applicable interpretations as approved by the European Union.

7.4 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the annual financial statements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with,French law and professional auditing standards applicable in France.

(Year ended 31 December 2018)

PricewaterhouseCoopers Audit 63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	Mazars Tour Exaltis 61, rue Henri-Régnault 92400 Courbevoie

Dear Members,

OPINION

In compliance with the assignment entrusted to us by your General Meeting, we performed an audit of the annual financial statements of Caisse Nationale de Réassurance Mutuelle Agricole Groupama for the fiscal year ended 31 December 2018, as attached to this report.

We certify that, in accordance with French accounting rules and principles, the annual financial statements are truthful and in order and present a fair picture of the operating profits and losses for the past fiscal year as well as the Company's financial situation and assets at the end of said fiscal year.

The above opinion is consistent with the content of our report to the Audit and Risk Management Committee.

BASIS OF THE OPINION

Audit reference standard

We conducted our audit in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities according to these standards are described in the section "Responsibilities of the statutory auditors relating to the audit of the annual financial statements" of this report.

Independence

We conducted our audit in accordance with the rules of independence applicable to us, over the period from 1 January 2018 to the issue date of our report. In particular, we did not provide any services prohibited by Article 5, paragraph 1, of Regulation (EU) no 537/2014 or by the professional Code of Ethics for statutory auditors.

JUSTIFICATION OF THE ASSESSMENTS – KEY POINTS OF THE AUDIT

Pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we wish to bring to your attention the key points of the audit relating to the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the annual financial statements for the fiscal year, as well as our responses to these risks.

These assessments contributed to the audit of the annual financial statements, taken as a whole, and to the formation of our opinion expressed above. We do not express an opinion on items in these annual financial statements viewed in isolation.

Conversion of the Groupama central body (please refer to Notes 1.2 and 9 to the annual financial statements)

Identified risk	Implemented procedures
At the General Meeting of 7 June 2018, and following the promulgation of Article 52 of law 2016-1691 of 9 December 2016, Groupama SA finalised its conversion of the Group's central body into a National Agricultural Reinsurance Mutual, which is a special form of mutual insurance company (SAM). This operation was preceded by two mergers with Groupama SA involving Groupama Holding 2 and then Groupama Holding, which led the regional mutuals to hold shares in Groupama SA directly. Pursuant to the law and after the vote at the General Meeting of Groupama SA, the regional mutuals subsequently became members of Caisse Nationale de Réassurance Mutuelle Agricole Groupama, with their Groupama SA shares being simultaneously converted into mutual certificates issued by Caisse Nationale de Réassurance Mutuelle Agricole Groupama. The value of the mutual certificates issued as part of the conversion constitutes the initial capital of Caisse Nationale de Réassurance Mutuelle Agricole Groupama of €3,618 million and consists of 411,824,587 mutual certificates with a par value of €8,785, wholly owned by the 13 member mutuals. This conversion resulted in the recording in the shareholders' equity of Caisse Nationale de Réassurance Mutuelle Agricole Groupama of an initial conversion difference of €393.04 million, corresponding to the difference between the book equity of the merged entity Groupama SA/Groupama Holding/Groupama Holding 2 and its valuation at the time of the conversion. Due to the strategic nature and the significant impacts on group's equity of the conversion of the Groupama central body on 7 June 2018, we considered this operation to be a key point of the audit.	To ensure the correct accounting and tax treatment of the mergers and acquisitions of Groupama Holding 2 and Groupama Holding by Groupama SA as well as its conversion into a mutual insurance company, our work included: › ensure the approval of mergers and acquisitions of Groupama Holding 2 and Groupama Holding and the conversion by the Groupama bodies as well as the fulfilment of the conditions precedent; › ensure that the method of valuing contributions in accordance with the accounting regulations and the reality, completeness, and accuracy of the value attributed to the contributions have been reviewed and certified by two merger auditors; › ensure that the valuation method used to determine the remuneration of contributions as well as the fairness of the exchange ratios have been reviewed and certified by two merger auditors; › ensure the correct accounting and tax treatment (with the involvement of our tax experts) of the two merger takeovers; › assess the valuation method used for the conversion of Groupama SA shares into mutual certificates and ensure the correct valuation of the initial capital and the conversion difference after the conversion; › ensure the correct accounting and tax treatment (with the involvement of our tax experts) of the conversion.

Valuation of equity securities (Please refer to Notes 3.2.2 and 5.2 to the annual financial statements)

Identified risk	Implemented procedures
Equity securities, shown on the balance sheet at 31 December 2018 for €9,136 million, represent one of the largest assets. They are initially recognised at their historical cost of acquisition, including costs, minus a provision for long-term impairment where appropriate. The valuation of equity securities is based on multi-criteria methods chosen according to each particular situation (nature of assets, holding horizon, etc.). The techniques used by management to value these securities thus include a significant amount of judgement in the choice of methodologies, assumptions, and data used. Due to the materiality of the equity securities and the sensitivity to management's choice of methodologies and calculation parameters, we considered the proper valuation of equity securities as a key audit point.	In order to assess the reasonableness of the estimation of the valuation of the equity securities held by Caisse Nationale de Réassurance Mutuelle Agricole Groupama (and especially the Groupama Holding Filiales et Participations (GHFP) equity securities), our work particularly consisted in analysing the assumptions and methods underlying the valuation of the subsidiaries, in particular: › compare the growth rates to infinity with the average growth rates observed in the countries in which Groupama operates for similar activities; › assess the reasonableness and coherence of the business plans based on historical evidence, our knowledge of the entities, the market in which they are positioned, and macroeconomic factors that may affect these forecasts; › assess the discount rates compared with the customary rates used by the market's financial analysts based on a sample of listed European insurers considered comparable with the Company in terms of activity, size, and geographical area; › assess the method of calculating S2 Cost of Capital used for the valuation of equity securities with the involvement of our teams of actuaries and analyse the methodologies for valuing equity securities.

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Assessment of outstanding claims reserve (Please refer to Notes 3.1.5 and 11.1 to the annual financial statements)

Identified risk	Implemented procedures
Reserves for claims, appearing on the balance sheet at 31 December 2018 for €4,360 million, represent one of the greatest liabilities. They correspond to unpaid benefits, both in principal and incidentals (management fees), and also include an estimate of the benefits payable, unknown or late. The estimate of technical provisions is based in particular on historical data projected to calculate the cost of claims not yet reported, using actuarial methods as described in Notes 3.1.5 and 11.1. It requires the exercise of management's judgement in selecting the assumptions to be applied, the calculation methods to be used, and the related management cost estimates. Given the relative weight of these reserves in the balance sheet and the importance of the judgement exercised by management, we considered the valuation of these reserves as a key point of the audit.	In order to assess the reasonableness of the estimation of the amount of reserves for non-reported or late claims, our audit approach was based on the information provided to us and included the following work: › Review the design and test the effectiveness of the key controls related to claims management and the determination of these provisions; › Assess the relevance of the calculation method used to estimate the reserves; › Reconcile the data used as a basis for estimating provisions with accounting; › Assess the appropriateness of the relative assumptions used for the calculation of reserves; › Conduct a review of the outcome of the previous year's accounting estimates; › Use the Company's data to independently assess these reserves in certain business segments and assess their reasonableness.

Evaluation of the reserve for increasing risks (Long-term care) (Please refer to Notes 3.1.7 and 11.1 to the annual financial statements)

Identified risk	Implemented procedures
A reserve for increasing risks is established for insurance operations on risks of loss of autonomy to cover the temporary differences existing between the period of application of the cover and its financing by insurance premiums. This provision is made prospectively, comparing the future commitments of the insurer and those of the policyholder. The regulations do not specify all the parameters to be used (in particular, biometric laws and discount rates) for the calculation of this reserve. At 31 December 2018, the reserve for increasing risks was €272.5 million gross of reinsurance. We considered this topic as a key point of the audit due to the sensitivity of the calculation of the reserve for increasing risks to the choice of the following key assumptions that require a significant degree of judgement from management: › discount rate; › biometric laws developed based on observations and analyses based on portfolio data.	We conducted a critical review of the procedures for implementing the methodology for determining the reserve for increasing risks and implemented, in particular, the following audit procedures: › examine the design of the actuarial model to verify that it does not contain any anomalies that could distort the amount of the reserve calculated through, in particular, the assessment of the reserve calculation environment; › prepare our own estimation independently; › assess the consistency of the key assumptions used to determine the reserve, which includes: ▪ the principles and methodology of the discount rate and the analysis of the sensitivity of the reserve for increasing risks in the context of low rates, ▪ the relevance of the methodology for determining biometric laws and their adequacy for the portfolio.

VERIFICATION OF THE MANAGEMENT REPORT AND OTHER DOCUMENTS PROVIDED TO MEMBERS

In accordance with the professional standards applicable in France, we also performed the specific verifications required by the applicable laws and regulations.

Information provided in the management report and other documents on the financial position and the annual financial statements

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information provided in the management report of the Board of Directors and in the other documents about the financial position and the annual financial statements sent to the members, with the exception of the point below.

The fair presentation and the consistency with the annual financial statements of the information relating to payment terms mentioned in Article D. 441-4 of the French Commercial Code call for the following comment:

As indicated in the management report, this information does not include insurance and reinsurance operations, as your Company considers that they do not fall within the scope of the information to be produced, in accordance with the circular of the Fédération Française de l'Assurance of 22 May 2017.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of voting rights has been properly disclosed in the management report.

INFORMATION RESULTING FROM OTHER LEGAL AND REGULATORY REQUIREMENTS

Designation of the statutory auditors

We were appointed statutory auditors of Caisse Nationale de Réassurance Mutuelle Agricole Groupama by the General Meeting of 25 June 1999 for PricewaterhouseCoopers Audit and 12 September 2000 for Mazars.

At 31 December 2018, PricewaterhouseCoopers Audit was in the 20th year of its mission without interruption, and Mazars was in its 19th year.

RESPONSIBILITIES OF MANAGEMENT AND MEMBERS OF THE CORPORATE GOVERNANCE BODY CONCERNING THE ANNUAL FINANCIAL STATEMENTS

Management is responsible for preparing annual financial statements presenting a true and fair view in accordance with French accounting rules and principles and implementing the internal controls that it deems necessary for the preparation of annual financial statements free of any material misstatements, whether they due to fraud or error.

In connection with the preparation of the annual financial statements, Management is responsible for assessing the Company's ability to continue its operations; providing information on matters relating to the continued operations, where this is relevant; and for preparing financial statements based on a going concern basis, unless Management intends to wind up the Company or discontinue operations.

The Audit and Risk Management Committee is responsible for following the process of preparing financial information and for monitoring the effectiveness of internal control and risk management systems, as well as, where applicable, internal auditing, as regards the procedures relating to the preparation and processing of accounting and financial information.

These annual financial statements have been approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Audit objective and approach

It is our responsibility to prepare a report on the annual financial statements. Our goal is to obtain reasonable assurance that the annual financial statements taken as a whole do not contain any material misstatements. Reasonable assurance is a high level of assurance but is not a guarantee that an audit performed in accordance with the professional auditing standards will always detect any material misstatement. Misstatements may arise as a result of fraud or error and must be regarded as being material if it can reasonably be expected that they, individually or in the aggregate, will affect the financial decisions made by users of the financial statements on the basis of the financial statements.

As specified by Article L. 823-10-1 of the French Commercial Code, our role of certifying the financial statements is not to guarantee the viability or the quality of the management of your Company.

As part of an audit performed in accordance with the professional auditing standards applicable in France, the statutory auditor uses professional judgement throughout this audit. In addition:

- the statutory auditor identifies and assesses the risks that the annual financial statements contain material misstatements, whether due to fraud or error, and defines and implements audit procedures for such risks and collects evidence considered sufficient and appropriate to serve as the basis of its opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, as fraud may involve conspiracy, forgery, deliberate omission, misrepresentation, or non-observance of internal controls;
- the statutory auditor obtains an understanding of the internal controls of relevance to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the internal controls;
- the statutory auditor assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the information concerning them provided in the annual financial statements;

- the statutory auditor assesses whether the accounting convention of going concern applied by the management is appropriate, according to the collective information, whether there is any material uncertainty related to events or circumstances likely to call into question the Company's ability to continue its operation. This assessment is based on the evidence collected up to the date of its report. However, subsequent circumstances or events could jeopardise the continuity of operations. If the statutory auditor concludes that there is significant uncertainty, it draws the attention of readers of its report to the information provided in the annual financial statements about this uncertainty or, if this information is not provided or is not relevant, it formulates a qualified certification or a refusal to certify;
- the statutory auditor assesses the overall presentation of the annual financial statements and whether they reflect the underlying transactions and events so as to give a true and fair view.

Audit and Risk Management Committee

We submit to the Audit and Risk Management Committee a report outlining the scope of the audit work and the work programme implemented, as well as the conclusions of our work. Where appropriate, we also inform it of significant weaknesses of internal control that we identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the items disclosed in the report to the Audit and Risk Management Committee are the risks of material misstatement that we consider to have been the most important for the audit of the annual financial statements for the year and that therefore constitute the key points of the audit, which it is our responsibility to describe in this report.

We also provide the Audit and Risk Management Committee with the declaration provided for in Article 6 of Regulation (EU) no 537-2014 confirming our independence, within the meaning of the rules applicable in France as laid down in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics of the profession of statutory auditor. Where appropriate, we discuss with the Audit and Risk Management Committee any risks to our independence and the safeguarding measures applied.

Neuilly-sur-Seine and Courbevoie, 25 March 2019

The statutory auditors

PricewaterhouseCoopers Audit	Mazars	
Christine Billy	Pascal Parant	Nicolas Dusson

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LEGAL INFORMATION

8.1 COMPANY INFORMATION

8.1.1 IDENTIFICATION

The Company was founded on 11 December 1987 for a period of 99 years, *i.e.,* until 11 December 2086.

It is registered with the Paris Trade and Companies Register under number 343 115 135.

8.1.2 CURRENT STATUTORY PROVISIONS

Pursuant to Article 52 of the Sapin 2 law of 9 December 2016, the General Meeting of Groupama SA, held on 7 June 2018, approved the conversion of the Company, without creating a new legal person, into a National Agricultural Reinsurance Mutual, a special form of mutual insurance company governed by Articles L. 322-26-4 and L. 322-27 of the French Insurance Code, and adopted the following bylaws:

8.1.2.1 Form (Article 1)

Between the departmental or Regional Agricultural Reinsurance Mutuals subscribing to these bylaws now or in the future, a National Agricultural Reinsurance Mutual, a special form of mutual insurance company governed by Articles L. 322-26-4 and L. 322-27 of the French Insurance Code as well as by the provisions of these bylaws, is hereby created in the form of a trade union, in accordance with Article L. 771-1 of the French Rural and Maritime Fishing Code (law of 4 July 1900). Special-purpose Agricultural Reinsurance Mutuals may also subscribe to these bylaws.

8.1.2.2 Purpose (Article 2)

The Company's purpose is as follows:

- the reinsurance of operations falling under sectors 1 to 18 of Article R. 321-1 of the French Insurance Code carried out by regional or departmental agricultural insurance and reinsurance companies or mutuals;
- the substitution of agricultural insurance and reinsurance companies and mutuals exempt from administrative approval for the establishment of guarantees provided for by insurance regulation and the execution of insurance commitments assumed by such companies or mutuals, pursuant to Article R. 322-132 of the French Insurance Code;
- the reinsurance of operations falling under any sector set out in Article R. 321-1 of the French Insurance Code of all insurance or reinsurance companies, of any corporate form, headquartered in France or abroad;
- engaging in any activities involving outward reinsurance, retrocession or compensation of the risks that it reinsures;
- being the central body of the network of agricultural insurance and reinsurance companies (hereinafter the "network") within the meaning of Article L. 322-27-1 of the French Insurance Code. In this capacity, it is particularly responsible for:
  - ensuring the cohesion and proper operation of the network,
  - ensuring the application of the legislative and regulatory provisions relating to the organisations within the network,
  - exercising administrative, technical and financial control over the organisation and management of the organisations within the network,
  - setting the strategic guidelines for the network, issuing any appropriate instructions in this regard and ensuring their actual implementation,
  - also taking all necessary measures to ensure solvency and compliance with the commitments of each of the organisations within the network and of the entire Group;
- facilitating and promoting the activity and development of member mutuals and representing and defending their collective interests at the national and European levels as professional agricultural organisations;
- holding stakes in France and abroad, specifically in insurance, reinsurance, banking, financial services and related activities;
- and, more generally, any financial, commercial, manufacturing, civil, real-estate or property-related transactions that might relate directly or indirectly to its corporate purpose and any similar or related purposes.

8.1.2.3 Name (Article 3)

The Company's name is the following: Caisse Nationale de Réassurance Mutuelle Agricole Groupama.

Its common name is "Groupama Assurances Mutuelles".

It is referred to as the "national mutual" in these bylaws.

8.1.2.4 Headquarters (Article 4)

Its headquarters are located at 8-10, rue d'Astorg – 75008, Paris.

It may be relocated to any other place within the same *département* or to a neighbouring *département* by decision of the Board of Directors, provided such decision is approved by the next Ordinary General Meeting.

8.1.2.5 Duration (Article 5)

The national mutual's duration is 99 years from 11 December 1987, the date of its entry in the trade and companies register, except in case of early dissolution or extension.

8.1.2.6 Admission (Article 6)

Agricultural Reinsurance Mutuals established in the form of a trade union, in accordance with Article L. 771-1 of the French Rural and Maritime Fishing Code, and governed by Articles L. 322-26-4 and L. 322-27 of the French Insurance Code are eligible to subscribe to these bylaws.

In order to be admitted and to remain members, these mutuals must:

- subscribe to and comply with the terms of the reinsurance agreement referred to in Article 7;
- comply with the provisions of Articles L. 322-27-1 and L. 322-27-2 of the French Insurance Code relating to the network;
- subscribe to and observe the terms of the agreement on security and solidarity plans referred to in Article 8;
- have bylaws approved by the national mutual, which may approve only the district of a member mutual, *i.e.,* wholly or partly in common with that of one or more other member mutuals, without their approval.

Admission shall take place by decision of the Board of Directors, which decides without being obliged to disclose the reasons for its decision.

The minimum number of member mutuals is fixed at seven.

8.1.2.7 Reinsurance (Article 7)

The member mutuals undertake to reinsure all their operations with the national mutual, which undertakes to accept them, pursuant to General Reinsurance Regulations constituting a reinsurance treaty between the national mutual and each of the member mutuals.

The General Reinsurance Regulations must allow the national mutual to receive a sufficient contribution for proper compensation of the risks taken on and the fulfilment of its commitments and the ceding mutuals to receive reinsurance taking into account their needs, their situation and the nature of their operations.

They include a clause providing for the substitution of the national mutual for each reinsured mutual exempt from administrative approval in accordance with Article R. 322-132 of the French Insurance Code for all operations of these mutuals. They shall also define the circumstances under which the Board of Directors of the national mutual may set the insurance rates for a reinsured mutual exempt from administrative approval.

The General Reinsurance Regulations are established by a reinsurance agreement between the national mutual and the member mutuals. The member mutuals agree to decide on amendments to the General Reinsurance Regulations by a majority and to comply with this collective decision under the conditions set out in this agreement.

8.1.2.8 Security and solidarity plans (Article 8)

The national mutual and the member mutuals undertake to participate in a reciprocal financial solidarity plan guaranteeing the required solvency capital cover rate for each of the member mutuals and the national mutual.

An agreement between the national mutual and the member mutuals establishes the terms of this financial solidarity plan as well as the other arrangements ensuring the security of the management and the financial balance of the network.

The member mutuals agree to decide on amendments to this agreement by a majority and to comply with to this collective decision under the conditions provided for in this agreement.

8.1.2.9 Exclusion (Article 9)

If a member mutual fails to fulfil its obligations arising from these bylaws and, in particular, its obligations that determine the capacity of member under Article 6 above, the General Meeting may declare its exclusion by a decision taken under the conditions established in Article 30.

Before proposing the exclusion of a member mutual to the General Meeting, the Board of Directors shall hear from the Chairman and the Chief Executive Officer of that mutual and explain to them the reason(s) justifying the considered penalty.

The member mutual shall be notified of these reasons before the General Meeting early enough to allow it to defend itself. The reasons shall also be mentioned in the notice of meeting.

Notification of the General Meeting’s decision shall be sent to the mutual concerned by registered letter, and the effect of the reinsurance shall cease on the date fixed by the General Meeting. The period between the notification of the exclusion and the cessation of the reinsurance may not be less than three months.

With respect to current contracts of reinsured mutuals with a substitution clause, the national mutual’s guarantee shall be maintained until their normal expiry.

The national mutual shall inform the ACPR and the competent authorities of the exclusion decision as soon as it is notified to the mutual in question as well as any other case of cessation of reinsurance as soon as it has been notified of this itself.

The cessation of any reinsurance of a mutual with the national mutual shall automatically strip it of its status as a member mutual without the need for the General Meeting to pronounce its exclusion.

8.1.2.10 Initial capital (Article 10)

The national mutual’s initial capital is set at €3,617,878,996.80.

This capital was funded by the issue of 411,824,587 mutual certificates with a par value of €8.785 each, resulting from the conversion, pursuant to law no 2016-1691 of 9 December 2016, of the shares held by the member mutuals in the Company when it had the form of a public limited company.

8.1.2.11 Resources/Uses (Article 11)

The national mutual's resources consist of:

- ordinary resources: reinsurance contributions, investment income, reinsurers' payments;
- extraordinary resources: mutual certificates, loans, as well as donations, bequests and subsidies of any kind.

The national mutual's expenses consist of:

- its share in payments of claims;
- payments to reinsurers;
- its share in the allowances for technical reserves for current risks, claims payable, current annuities and miscellaneous items, established in accordance with the regulations in force;
- management fees;
- interest on loans.

8.1.2.12 Mutual certificates (Article 12)

The national mutual may issue mutual certificates only to member mutuals under the conditions provided for by the laws in force.

The mutual certificates have no physical form. They are recorded in registered form in a register and in a securities account held by the national mutual or on its behalf by an authorised intermediary.

Ownership of the mutual certificate is established by entry in the certificate account in the name of the holder.

The mutual certificate holder has no obligation to pay the corporate liabilities beyond the amount of the mutual certificates subscribed and only in case of liquidation of the national mutual as mentioned in Article 32 below.

8.1.2.13 Loans (Article 13)

The national mutual may issue loans, bonds, participating shares and subordinated instruments under the conditions of the laws in force.

8.1.2.14 Annual financial statements – Appropriation of earnings (Article 14)

The fiscal year will have a duration of twelve months. It will begin on 1 January and end on 31 December of each year.

At the close of each fiscal year, the Board of Directors shall prepare a management report consistent with the provisions of Article L. 322-26-2-4 of the French Insurance Code.

The income statement summarising revenue and expenses for the year will show, by difference, the profit or loss for the year, after deducting amortisation, depreciation, and provisions.

After deductions to establish the mandatory provisions and reserves required by the regulations in force have been made, the General Meeting may, on the proposal of the Board of Directors, appropriate the available balance of the earnings of the fiscal year, plus any positive retained earnings, as follows:

- appropriation, within the limits set by law, to compensation of mutual certificates;
- appropriation to any existing or new reserves account or retained earnings;
- distribution of annual surpluses among the member mutuals.

8.1.2.15 Board of Directors (Article 15)

(a) Membership of the Board of Directors

The national mutual is administered by a Board of Directors made up of two categories of Directors:

- Directors elected by the Ordinary General Meeting:
  - nine (9) natural persons representing the member mutuals having the position of Chairman of the Board of Directors of their mutual,
  - at least four (4) but no more than five (5) natural persons elected for their qualifications on the proposal of the Board of Directors, who have not served as a Director or member of the Supervisory Board within a company or mutual falling within the Group's scope of consolidation or been employed by one of these companies or mutuals during the last five fiscal years.

  The Directors are appointed by the Ordinary General Meeting for a term of office of six (6) years. Their duties will end following the Ordinary General Meeting having approved the corporate financial statements for the fiscal year just ended, held in the year when the Director's term of office expires.

  Directors may be re-elected.

  When a Director representing a member mutual loses the status of Chairman of the Board of Directors of his/her mutual, his/her term of office as Director of the national mutual shall automatically cease.

  In the event of a vacancy of one or more member seats on the Board of Directors due to death, resignation, or termination of a term of office, particularly following a decision of opposition by the French Prudential Supervision and Resolution Authority (ACPR), the Board may make provisional appointments between two General Meetings.

  A Director appointed to replace another shall only exercise his/her duties during the remaining term of office of his/her predecessor. Appointments made by the Board of Directors by virtue of the preceding paragraph are subject to ratification by the next Ordinary General Meeting. If the appointments are not ratified, the deliberations and actions previously completed by the Board shall remain valid;
- Directors elected by the salaried staff of the national mutual pursuant to Article L. 322-26-2 of the French Insurance Code.

  The status and methods of election of these Directors are set by Articles L. 225-28, L. 229 (first paragraph) and L. 225-30 to L. 225-34 of the French Commercial Code, as well as by these bylaws.

  They are two (2) in number, including one management representative.

  They are appointed for four (4) years. They may be re-elected.

Regardless of his/her method of appointment, the duties of a Director will end following the Ordinary General Meeting approving the corporate financial statements for the fiscal year just ended, held in the year when the Director's term of office expires.

The age limit for exercising the duties of Director is set at the sixty-fifth (65th) birthday, and a member of the Board of Directors shall be deemed to have officially resigned upon completion of the Ordinary General Meeting in the year of his/her sixty-fifth birthday.

(b) Conditions for the election of employee Directors

For each vacant seat on the Board, the method of ballot counting is as provided for in the legal provisions.

The elections may take place over the Internet.

In all cases or for any reason whatsoever, should the number of seats of elected Directors actually filled fall below two before the normal expiry of these Directors' term of office, the vacant seats will remain vacant until such expiry date and until then, the Board of Directors will continue to meet and carry out valid business.

Elections are held every four (4) years, such that a second round may be held no later than fifteen days before normal expiry of the term of office of the outgoing Directors.

The date of the 1st ballot round must be posted at least six weeks before. The list of voters must be posted at least five weeks before the date of the 1st round.

The deadlines for other electoral operations, for each ballot round, are as follows:

- candidates are to file at least four weeks before the balloting date;
- the lists of candidates are to be posted at least two weeks before the balloting date;
- the documents needed for voting by mail, where applicable, are to be posted at least two weeks before the balloting date.

Candidates or lists of candidates may be nominated either by one or more representative trade unions, or by one-twentieth of the voters or, if their number is greater than two thousand, by one hundred voters.

The balloting will be carried out on the same dates on all of the national mutual's sites at the workplace and during business hours.

Each voting office consists of three voter members, chaired by the eldest of them. They are responsible for the successful outcome of the voting activities.

Ballots will be counted in the voting office immediately after the close of balloting; the report will be prepared upon completion of the counting.

The reports are immediately transferred to the headquarters of the national mutual, where an office will be established to consolidate the results with a view to preparing the summary report and announcing the results.

Directors elected by employees will assume office during the meeting of the Board of Directors held after the Ordinary General Meeting approving the financial statements for the fiscal year just ended.

The conditions for balloting not defined by Articles L. 225-28, L. 225-29 (first paragraph) and L. 225-30 to L. 225-34 of the French Commercial Code or by these bylaws are set by Executive Management after consultation with the representative union organisations.

8.1.2.16 Organisation and deliberations of the Board (Article 16)

(a) Chairman of the Board of Directors

The Board of Directors shall elect a Chairman from among its members on the proposal of the Mutual Insurance Advisory Board. The Chairman's term of office is three years but may not exceed his/her term as Director.

The Chairman may be re-elected.

The Chairman may be granted compensation in an amount determined by the Board of Directors.

If the acting Chairman reaches the maximum age of 65 years set for his/her term of office as Director, his/her duties will terminate upon completion of the Ordinary General Meeting held in the year of his/her sixty-fifth birthday.

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

(b) Vice-Chairman

The Board of Directors may appoint a natural person from among its members to serve as a Vice-Chairman, whose duties, in the event of the Chairman's impediment, consist of convening and chairing Board meetings, as well as chairing the General Meeting.

(c) Meetings of the Board of Directors

The Board of Directors will meet as often as the national mutual's interest so requires, whenever convened by the Chairman, at the headquarters or any other location indicated by the notice to meet.

If the Board has not met for more than two months, at least one-third of the Board members may ask the Chairman to convene a meeting for a specific agenda. The Chief Executive Officer may also ask the Chairman to convene the Board of Directors on a specific agenda. The Chairman is bound by any requests addressed to him/her under this paragraph.

Directors may be convened by letter or by any other means.

Under the conditions provided for by law, the internal bylaws may provide that meetings may be held by video-conferencing or by any method of telecommunication. Directors who participate in Board meetings by video-conferencing or any method of telecommunication are deemed as present for purposes of calculating quorum and majority.

(d) Deliberations of the Board of Directors

Meetings of the Board of Directors are chaired by the Chairman or by the Vice-Chairman or, failing this, by a Director appointed for this purpose at the start of the meeting.

The Board of Directors may deliberate validly only if at least half of its members are present.

The Chief Executive Officer will attend Board meetings.

A representative of the works council will attend Board meetings under the conditions set by current law.

At the initiative of the Chairman of the Board of Directors, the statutory auditors or other parties outside the Company with specific competence relating to items on the agenda may attend all or part of a Board meeting.

Decisions are taken by a majority of the members of the Board of Directors. In the event of a tie, the Chairman of the meeting shall have the casting vote.

The duties of Board Secretary will be performed by a member of the Board appointed by the Chairman.

Minutes shall be kept, and copies or extracts shall be issued and certified in accordance with the law.

8.1.2.17 Authority of the Board of Directors (Article 17)

The Board of Directors sets the national mutual's business strategy and oversees its implementation. Subject to the powers expressly assigned to the General Meeting and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of the Company and settles the matters concerning it through its deliberations. It carries out the checks and verifications that it deems appropriate.

The following decisions are subject to the prior approval of the Board of Directors:

- amendments to the reinsurance agreement and amendments to the agreement on security and solidarity plans with the member mutuals;
- issues of securities of any kind as well as issues and redemptions of mutual certificates;
- any significant operations that may affect the Group's strategy and its scope of activities;
- the methods for implementing the solidarity plan pursuant to the agreement on security and solidarity plans;
- termination of the agreement on security and solidarity plans at the initiative of national mutual.

In addition, the decision to terminate the reinsurance agreement at the initiative of national mutual must be taken by a two-thirds majority of the members.

The following operations are also subject to approval by the Board of Directors if any of the categories below exceeds a unit amount set by the Board of Directors:

- taking or disposing of any stakes in any companies created or to be created, subscribing to any issues of equities, stocks or bonds, excluding the insurance investment business and cash operations;
- acquiring or disposing of any properties, excluding the insurance investment business;
- granting pledges on corporate property;
- taking out any loans, excluding cash operations carried out with companies that have capital ties to the national mutual, either directly or indirectly.

The Board of Directors may grant special proxy to one or more of its members or to third parties for one or more given purposes. All powers delegated by the Board of Directors are signed by the Chairman or the Vice-Chairman or by two Directors.

The Board may resolve to create committees responsible for investigating or reviewing issues that it or its Chairman submit, upon notification, for their review. The Board determines the composition and powers of the committees operating under its responsibility.

8.1.2.18 Allowances and compensation granted to Directors (Article 18)

Directors representing the member mutuals carry out their functions free of charge. However, the Board of Directors may decide to grant allowances to them, including in the form of retirement benefits, within the limits set by the General Meeting, and to reimburse them for their travel, accommodations, and childcare expenses.

Directors not representing member mutuals who are elected by the General Meeting receive compensation for carrying out their duties in an amount determined by the Board of Directors within the limits set by the General Meeting.

8.1.2.19 Executive Management of the Company (Article 19)

The national mutual's Executive Management is assumed by a natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer, under the control of the Board of Directors and within the framework of the guidelines established by the Board of Directors.

The Chief Executive Officer is vested with the broadest powers to act on behalf of the national mutual under any and all circumstances. The Chief Executive Officer will exercise this authority within the scope of the corporate purpose and subject to such constraints as the law expressly attributes to General Meetings and to the Board of Directors. The Chief Executive Officer shall represent the national mutual in its relations with third parties.

The Chief Executive Officer is civilly and criminally liable for his/her management actions, in accordance with the laws in force.

The Board of Directors determines the Chief Executive Officer's compensation and sets the terms of his/her employment contract in the case of a salaried Director.

The appointment of the Chief Executive Officer may be revoked at any time by the Board of Directors. If he/she has entered into an employment contract with the national mutual, his/her dismissal does not terminate that contract. If this dismissal is decided without just cause, it may give rise to damages.

Upon the recommendation of the Chief Executive Officer, the Board of Directors can appoint one or more natural persons to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officer. There may be no more than five. Their authority will be set by the Board of Directors in agreement with the Chief Executive Officer. They shall have the same powers in dealing with third parties as the Chief Executive Officer.

The Board of Directors determines their compensation and sets the terms of their employment contract if they are salaried Directors.

They may be dismissed at any time by the Board of Directors on the proposal of the Chief Executive Officer. If they have entered into an employment contract with the national mutual, their dismissal does not terminate that contract. If this dismissal is decided without just cause, it may give rise to damages.

No one aged 65 or older may be appointed Chief Executive Officer or Deputy Chief Executive Officer. If the Chief Executive Officer or a Deputy Chief Executive Officer reaches the age of 65 years, his/her duties will terminate upon completion of the next Ordinary General Meeting approving the financial statements for the fiscal year just ended.

8.1.2.20 Agreements (Article 20)

The provisions of Article R. 322-57 of the French Insurance Code apply to agreements entered into directly or through an intermediary between the national mutual and one of its Board members or salaried Directors, or between the national mutual and an undertaking, if any of the Board members or salaried Directors of the national mutual is an owner, partner with unlimited liability, Manager, Director, member of the Supervisory Board or generally an officer of such an undertaking.

8.1.2.21 Non-voting Board members (Article 21)

At the proposal of the Board of Directors, the Ordinary General Meeting may appoint non-voting Directors, who may not exceed six in number.

In the event of a vacancy of one or more non-voting Director positions due to death or resignation, the Board of Directors may accept provisional nominations, subject to approval by the next Ordinary General Meeting.

The non-voting Directors, who are natural persons selected on the basis of their qualifications, form a panel.

They are appointed for a period of six years to end upon completion of the meeting approving the financial statements for the fiscal year just ended and held within the year during which their terms of office expire.

The Ordinary General Meeting may, under all circumstances, revoke one or more non-voting Board members and undertake to replace them, even if such revocation does not appear on the agenda.

Non-voting Directors are to be invited to meetings of the Board of Directors and shall take part in the deliberations in an advisory capacity. However, their absence shall not prevent the meeting from deliberating lawfully.

They may receive compensation in an amount set by the Board of Directors for services rendered to the national mutual.

8.1.2.22 Membership of the Mutual Insurance Advisory Board (Article 22)

The Mutual Insurance Advisory Board is made up of natural persons representing all the member mutuals.

The member metropolitan regional mutuals are each represented by five members, namely:

- the Chairman of their Board of Directors;
- four members appointed by them from among the members of their Board of Directors under the age of 59 years at their first appointment, at least one of whom with the status of Deputy Chairman or Vice-Chairman of the regional mutual.

By appointing their representatives to the Mutual Insurance Advisory Board, the member metropolitan regional mutual strive to achieve a goal of gender diversity in their representation between women and men. The Mutual Insurance Advisory Board's internal bylaws determine the cases in which the appointment of a member by a member metropolitan regional mutual may be refused by the Executive Board of the Mutual Insurance Advisory Board for having failed to take this goal sufficiently into account in appointing its representatives.

The age requirement and the diversity goal mentioned above are not applicable to the first members appointed to form the Mutual Insurance Advisory Board after the conversion of the Company into an Agricultural Reinsurance Mutual.

Reinsurance mutuals of the overseas departments and the member specialised reinsurance mutuals are each represented by the Chairman of their Board of Directors.

On a proposal from the Board of Directors, the Mutual Insurance Advisory Board may admit the representative of a mutual or joint management company having entered into a partnership with Groupama as an associate member. The status of associate member may be terminated at any time by decision of the Board of Directors.

8.1.2.23 Duration of the term of office of members of the Mutual Insurance Advisory Board (Article 23)

Members of the Mutual Insurance Advisory Board serving as the Chairman of their member mutual hold this membership as long as they maintain this position.

Other members of the Mutual Insurance Advisory Board are appointed for a renewable six-year term. The age requirement provided for in Article 22 of these bylaws is not applicable in case of renewal. If a member of the Mutual Insurance Advisory Board is over 59 years old as of the date of the renewal of his/her term, the duration of the renewed term shall be limited to the time remaining until the General Meeting of the national mutual held in the year of his/her 65th birthday.

The term of office as member of the Mutual Insurance Advisory Board automatically ceases before the end of six years in the following cases:

- death, resignation;
- loss of the position of Chairman of a member mutual in the case of members serving in that position;
- loss of the capacity as Director of a regional mutual or a decision of the regional mutual to terminate their mandate in the case of members appointed by member metropolitan regional mutuals;
- the member reaches the age limit; the termination of the term of office shall take effect following the General Meeting of the national mutual held in the year of his/her 65th birthday.

8.1.2.24 Responsibilities and powers of the Mutual Insurance Advisory Board (Article 24)

The Mutual Insurance Advisory Board's responsibilities are to:

- nominate candidates for the office of Chairman of the Board of Directors of the national mutual;
- define the general guidelines of the mutual insurance group and to oversee their implementation;
- define Groupama's positions at the national and European level as an agricultural professional organisation involved in the life of the territories;
- develop mutual insurance principles within the member mutuals, following an innovative and open approach to the social and economic environment in which Groupama operates;
- lead actions to promote the Groupama mutual more widely as a professional organisation and a responsible player in the global economy;
- design, carry out or have carried out, together with the member mutuals, the training of elected representatives, particularly to meet the requirements of the supervisory authority resulting from the provisions of the French Insurance Code.

The Mutual Insurance Advisory Board carries out its missions in the form of opinions, recommendations, and proposals for actions. Their implementation is decided by the competent administrative and management bodies of the national mutual.

In particular, it may propose that the national mutual join or provide financial support to all professional organisations, consortiums or companies of agricultural interest operating in the territories where the member mutuals operate and establish and develop permanent relationships with the professional organisations of different categories of members at the national, European and international level.

For its work, it relies on the resources made available to it by the Executive Management.

8.1.2.25 Organisation and operation of the Mutual Insurance Advisory Board (Article 25)

(a) Chairman of the Mutual Insurance Advisory Board

The Chairman of the Board of Directors serves as ex-officio Chairman of the Mutual Insurance Advisory Board.

The Chairman of the Board of Directors of the national mutual handles is responsible for its ongoing political representation with professional organisations representing the different categories of members, public authorities and administrations, as well as with member mutuals.

The Chairman delegates powers of ongoing political representation to the Deputy Chairman and to the Vice-Chairman in one or more specific areas. The Chairman may also delegate part of these powers to any member of the Mutual Insurance Advisory Board.

The Chairman convenes the Mutual Insurance Advisory Board and directs its work.

If the Chairman is unable to attend, he/she is replaced by the Deputy Chairman or one of the Vice-Chairmen.

(b) Executive Board of the Mutual Insurance Advisory Board

The Executive Board of the Mutual Insurance Advisory Board is composed of the Chairman of the Board of Directors of the metropolitan regional mutuals and a Deputy Chairman or a Vice-Chairman of each of these mutuals appointed as a member of the Mutual Insurance Advisory Board as mentioned in Article 22 of these bylaws.

Each metropolitan regional mutual appoints the Deputy Chairman or the Vice-Chairman serving as a member of the Mutual Insurance Advisory Board to sit on the Executive Board.

The Deputy Chairman of the Mutual Insurance Advisory Board is elected by the Board on the Chairman's proposal from among the Chairmen of metropolitan regional mutuals for a term of three years, expiring following the annual Ordinary General Meeting held in the year of the expiry of the term of office.

The other members of the Executive Board of Chairmen of metropolitan regional mutuals are Vice-Chairmen of the Mutual Insurance Advisory Board.

The Executive Board prepares and monitors the work of the Mutual Insurance Advisory Board, particularly its relations with agricultural professional organisations and other players in the life of the territories.

It meets as often as necessary for the initiative and whenever convened by the Chairman, or, failing that, by the Deputy Chairman or a Vice-Chairman. No one can be represented within the Executive Board or vote by proxy. Resolutions are adopted by a majority vote of the sitting members.

The Chairmen's Committee, composed of the Chairman, the Deputy Chairman and the seven Vice-Chairmen, regularly monitors the activity of the Mutual Insurance Advisory Board and prepares the work of the Executive Board.

(c) Operation of the Mutual Insurance Advisory Board

The Mutual Insurance Advisory Board meets at least four times a year whenever convened by the Chairman or, if the Chairman is unavailable, by the Deputy Chairman or a Vice-Chairman.

Each member has one vote, with the exception of associate members, who serve only in an advisory capacity. No one can be represented within the Board or vote by proxy.

Resolutions are adopted by a majority vote of the sitting members.

An attendance sheet is established for each meeting of the Mutual Insurance Advisory Board. The deliberations are recorded in minutes kept in a register and signed by the Chairman and the Secretary of the meeting.

The Board may temporarily or permanently establish within itself any committee or task force responsible for studying or monitoring a topic related to its missions, and, more generally, call on anyone whose qualifications would be useful in shedding light on its work in these committees or task forces.

Similarly, to contribute to its discussions, the Board of Directors or the Executive Board may hear from the Chief Executive Officer of a member mutual assigned to a task on a particular subject by the national mutual.

Depending on the subject, the Chairman may decide to invite a representative of one or more professional organisations representing the different categories of members of the local mutuals to attend the Mutual Insurance Advisory Board as an auditor.

The Board of Directors prepares an annual activity report and a report on the plan of projected actions, which are presented at the annual General Meeting.

The Mutual Insurance Advisory Board may be informed of the main measures taken pursuant to the provisions relating to the operation of the Group and the network, in particular those relating to the rules for appointment and dismissal of Chief Executive Officers and dismissal of Board of Directors of member mutuals and local mutuals.

(d) Allowances for performance of duties

The duties of a member of the Mutual Insurance Advisory Board are performed free of charge.

However, in their capacity as mutual insurance representatives, the Board of Directors may decide to grant allowances to members of the Mutual Insurance Advisory Board, including in the form of retirement benefits, within the limits set by the General Meeting, and to reimburse them for their travel, accommodation, and childcare expenses.

(e) Internal bylaws

The Mutual Insurance Advisory Board adopts internal bylaws specifying the measures for applying title V of these bylaws.

8.1.2.26 Statutory auditors (Article 26)

Control is exercised by one or more acting statutory auditors appointed and exercising their duties in accordance with the law.

8.1.2.27 Composition of the General Meeting (Article 27)

The General Meeting is composed of the delegates appointed by the Boards of Directors of the member mutuals from among their members or among the members of the Boards of Directors of the local agricultural insurance mutuals within their district; it represents all of the member mutuals, and its decisions are binding on all of them, even those that are neither present nor represented. Each delegate shall have one vote.

Each member of the Board of Directors shall attend this meeting in an advisory capacity unless he/she is not the delegate of a member mutual, in which case he/she shall have a right to vote.

The Chief Executive Officer, the Deputy Chief Executive Officer (where applicable), and all other members of the management staff authorised by the Chairman of the Board of Directors attend the General Meetings in an advisory capacity.

Each member mutual is entitled to a delegate to the General Meeting.

Mutuals whose ceded contributions exceed €10 (ten) million without exceeding €100 (one hundred) million are entitled to 4 (four) delegates.

Mutuals whose ceded contributions exceed €100 (one hundred) million are entitled to 25 (twenty-five) delegates

Any delegate who is a member of the General Meeting may be represented by another member delegate of that meeting holding a proxy; however, no delegate may represent more than five members of the General Meeting.

8.1.2.28 Meeting notices – Agenda (Article 28)

The Board of Directors may convene a General Meeting at any time.

The General Meeting is called by a simple letter sent to the Chairmen of the member mutuals at least fifteen days before the date of the meeting. Meeting notices must mention the agenda.

Meetings are held at the corporate headquarters or at any other location defined in the notice convening the meeting.

The agenda of each meeting is decided by the Board of Directors. It contains only matters coming from either the Board of Directors or a member mutual, provided that this mutual communicated its request at least twenty days before the meeting.

The meeting may deliberate only on the items on the agenda.

8.1.2.29 Composition of the General Meeting (Article 29)

The General Meeting is chaired by the Chairman of the Board of Directors or, failing that, by the Vice-Chairman of the Board of Directors or, failing that, by a Director appointed by the Board of Directors.

The General Meeting appoints two vote tellers from among the delegates. The Executive Board of the General Meeting thus composed appoints the secretary, who may be chosen from outside the delegates.

An attendance sheet is prepared and then certified by the Executive Board.

The deliberations of the meeting are recorded in minutes entered in a register and signed by the Chairman and the Secretary of the meeting.

Copies or extracts of the minutes of the deliberations of meetings are certified true by the Chairman or by the Vice-Chairman of the Board of Directors or by two Directors or by the Chief Executive Officer.

8.1.2.30 Deliberation of the meetings (Article 30)

(a) Subject matter of deliberations

The Ordinary General Meeting is held once a year, during the second quarter, at the invitation of the Chairman of the Board of Directors.

The General Meeting hears the report of the Board of Directors as well as the report of the statutory auditor(s) and, where applicable, the special report on authorised agreements provided for in Article 20 as well as any special report that may be required by the regulations in force. It discusses, approves, rejects, or modifies the balance sheet and all the accounts presented by the Board of Directors and appropriates the earnings for the fiscal year.

The General Meeting appoints the Directors and the statutory auditor(s) in accordance with the conditions set out in these bylaws.

It sets the maximum total amount of compensation that the Board of Directors may grant annually to Directors and to members of the Mutual Insurance Advisory Board and the maximum total amount of compensation that the Board of Directors may grant to Directors not representing member mutuals who are elected by the General Meeting.

Each year, the Chairman informs the General Meeting of the amount of compensation and allowances actually granted, reimbursed expenses, and benefits of any kind paid during the fiscal year to each corporate officer by the national mutual and by the companies that it controls within the meaning of Article L. 233-16 of the French Commercial Code.

The General Meeting authorises the issue of mutual certificates and establishes their key characteristics. In this context, it may delegate the powers necessary to decide on practical aspects to the Board of Directors. The Board of Directors reports on the exercise of this delegation to the next General Meeting.

The annual General Meeting fixes the compensation of the mutual certificates at the time of the approval of the financial statements within the limits fixed by law. It may decide to pay this compensation in mutual certificates to the certificate holders who so request according to the terms set by the Board of Directors.

The General Meeting may authorise the Board of Directors to buy back mutual certificates issued by the national mutual at their par value as part of an annual buyback programme approved by the ACPR and subject to the regulatory provisions stipulating the suspension of buybacks in the event that the solvency capital requirement of the insurance undertaking is not fulfilled or if the buybacks would lead to such non-fulfilment.

(b) Quorum and majority

The General Meeting's deliberations are valid if at least one-quarter of the delegates, representing at least one-quarter of the member mutuals, are present or represented. If it does not meet this number, it shall be convened again on the same agenda in the manner and within the time periods prescribed by Article 28; its deliberations shall be valid regardless of the number of delegates present or represented.

Decisions shall be taken by a majority vote of the delegates present or represented.

However, the exclusion of a member mutual shall require a two-thirds majority of the delegates present or represented by a secret ballot.

8.1.2.31 Deliberations of the Extraordinary General Meeting (Article 31)

(a) Subject matter of deliberations

The General Meeting may amend the bylaws in all their provisions. It may decide on the early dissolution of the national mutual.

(b) Quorum and majority

The General Meeting's deliberations are valid if at least one-half of the delegates, representing at least one-half of the member mutuals, are present or represented. If it does not meet this number, it shall be convened again on the same agenda in the manner and within the time periods prescribed by Article 28; its deliberations shall be valid if at least one-third of the delegates, representing at least one-third of the member mutuals, are present or represented.

Decisions shall be taken by a two-thirds majority vote of the delegates present or represented.

8.1.2.32 Dissolution – Liquidation (Article 32)

Except in the case of an extension approved by the Extraordinary General Meeting, the national mutual shall be dissolved on expiry of the term set by the bylaws. Dissolution may also occur at any time by decision of the Extraordinary General Meeting.

The meeting governs the method of liquidation and appoints one or more receivers and defines their authority. The receivers shall exercise their duties in accordance with the law.

Once all senior, secured, and subordinated creditors have been repaid, the mutual certificates shall be reimbursed at the par value of the certificate, minus, where applicable, the amount of the application of the losses against the initial capital, it being specified that prior to this reduction, the losses shall be applied against the reserves.

After the corporate liabilities have been settled and the mutual certificates have been repaid, any net assets shall be allotted to the member mutuals in proportion to the mutual certificates that they held before repayment.

8.1.2.33 Internal bylaws (Article 33)

Without prejudice to Article 25.5 of these bylaws, the Board of Directors establishes internal bylaws setting the operating rules of corporate bodies that do not fall within the bylaws.

Subscription to the bylaws automatically implies subscription to the internal bylaws.

8.1.2.34 Settlement of disputes (Article 34)

Any dispute arising either between the national mutual and one or more member mutuals or between the member mutuals themselves concerning the affairs of the national mutual during the life of the national mutual or during its liquidation shall be referred to mediation. The mediator shall be appointed jointly by the parties in the event of two-party disagreement; if there are multiple parties to the disagreement, either a single mediator shall be appointed jointly by the parties or two mediators shall be appointed, one by the plaintiff(s) and the other by the defendant(s).

After the appointment of the mediator(s), a mediation agreement shall be entered into between the parties to the mediation and the appointed mediator(s) to govern the mediation procedure, it being specified that the mediation shall not exceed three months from the appointment of the mediator(s), unless agreed by the parties, and that the entire procedure as well as the exchanged exhibits shall be treated confidentially.

The other arrangements of the procedure shall be settled by Articles 1532 to 1536 of the French Civil Procedure Code.

The mediation shall be deemed terminated in the following cases:

- if the parties fail to agree on the appointment of the mediator(s), duly documented;
- if an agreement between the parties is duly recorded in a memorandum of understanding after the mediation procedure;
- if a disagreement between the parties is duly documented after the mediation procedure.

In the mediation fails, the dispute shall be settled by arbitration before an arbitration body composed of three arbitrators. The plaintiff(s) and the defendant(s), regardless of the number of parties to the dispute, shall each jointly appoint an arbitrator.

The first party or parties to resort to arbitration shall notify the other party or parties by registered letter with acknowledgement of receipt, indicating the contact details of the chosen arbitrator. If there are multiple plaintiffs, if they cannot agree on the name of an arbitrator, the arbitrator shall be appointed by the President of the Paris regional court, ruling in summary proceedings initiated by first party to take such action.

Within a maximum period of 30 days from receipt of this notification, the other party or parties must notify the plaintiff(s) by registered letter with acknowledgement of receipt of the contact details of the chosen arbitrator. Failing this, the President of the Paris regional court, ruling in summary proceedings, shall appoint the arbitrator at the request of one of the defendants or one of the plaintiffs.

Before the examination of the merits of the case, the arbitrators thus appointed shall appoint a third arbitrator to act as president of the arbitral tribunal.

If the arbitrators disagree on the appointment of the third arbitrator within 30 days following the receipt of the notification of the appointment of the second arbitrator, the third arbitrator shall be appointed by the President of the Paris regional court ruling in summary proceedings initiated by the first party to take such action.

The arbitrators shall render a decision based on law.

The decision shall be final.

The other arrangements of the procedure shall be settled by the provisions of the Title I of Book IV of the French Civil Procedure Code.

8.1.3 INTERNAL BYLAWS OF THE BOARD OF DIRECTORS

The purpose of the internal bylaws is to define or supplement certain regulatory and statutory provisions concerning the functioning of the Board of Directors and the Executive Management and to define the rights and obligations of the Directors. Each Director, by accepting his/her office, agrees to abide by these internal bylaws.

On 7 June 2018, the Board of Directors of Groupama Assurances Mutuelles adopted internal bylaws in order to detail the rights and obligations of the central body and to incorporate adaptations regarding governance.

8.1.3.1 Operation of the Board of Directors

(a) Purpose of the Board of Directors

The Board of Directors, in accordance with the law, sets the guidelines for the activity of Caisse Nationale de Réassurance Mutuelle Agricole Groupama (hereinafter “Groupama Assurances Mutuelles”), ensures that they are implemented and oversees the Executive Management of the Company. Subject to the powers expressly assigned to the General Meetings and up to the limit of the corporate purpose, it deals with any issues involving the smooth running of Groupama Assurances Mutuelles and settles matters concerning it through its deliberations. In addition, it performs any audits or controls it deems timely.

Within the framework of the powers conferred on the central body referred to in Article L. 322-27-1 of the French Insurance Code, the Board of Directors of Groupama Assurances Mutuelles is responsible for the following in particular:

- ensuring the cohesion and proper operation of the network of agricultural insurance and reinsurance companies or mutuals referred to in Article L. 322-27-2 of the French Insurance Code (hereinafter “network”);
- ensuring the application of the legislative and regulatory provisions relating to the organisations within the network;
- exercising administrative, technical and financial control over the organisation and management of the organisations within the network;
- setting the strategic guidelines for the network, issuing any appropriate instructions in this regard and ensuring their actual implementation;
- taking all necessary measures to ensure solvency and compliance with the commitments of each of the organisations within the network and of the entire Group;

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- ruling on the dismissal of any Chief Executive Officer as well as the collective dismissal of members of the Board of Directors of an organisation within the network in the cases provided for in Article L. 322-27-2 of the French Insurance Code. Under these circumstances, the Board of Directors provisionally appoints the individuals responsible for assuming their duties until the election of new Board members.

The Board is assisted the performance of its tasks by study committees.

(b) Committees of the Board of Directors

The committees of the Board of Directors are responsible for studying or monitoring certain issues. They operate under the responsibility of the Board of Directors, to which they provide their opinions. An Audit and Risk Management Committee was established pursuant to Article L. 823-19 of the French Commercial Code and Article L. 322 -3-1 of the French Insurance Code. By virtue of Article R. 322-53-1 of the French Insurance Code, the Board of Directors also decided to create within itself a Compensation and Appointments Committee and a Strategy Committee. Details of the duties, membership and functioning of each of these committees are attached to this regulation (Appendices 1 to 3). The Board of Directors is responsible for ensuring the proper operation of the committees. The Board of Directors may also create *ad hoc* committees charged with studying specific issues as they arise.

(c) Membership of the Board of Directors

Members of the Board of Directors must be of good repute and have the qualifications required to administer an insurance undertaking. These conditions are specified in Part II "Rights and Obligations of Directors".

The Board of Directors is made up of two categories of Directors:

- Directors elected by the Ordinary General Meeting:
  - nine (9) natural persons representing the member mutuals having the position of Chairman of the Board of Directors of their mutual,
  - at least four (4) but no more than five (5) natural persons elected for their qualifications on the proposal of the Board of Directors, who have not served as a Director or member of the Supervisory Board within a company or mutual falling within the Group's scope of consolidation or been employed by one of these companies or mutuals during the last five fiscal years;
- Directors elected by the salaried staff of Groupama Assurances Mutuelles pursuant to Article L. 322-6-2 of the French Insurance Code.

Status of Independent Director

Directors are considered independent when they maintain no relationship of any kind whatsoever with Groupama Assurances Mutuelles, its group or its management that might compromise the exercise of their freedom of judgement. These criteria for the status of Independent Director are defined in Appendix 4 below.

The status of Independent Director must be discussed by the Compensation and Appointments Committee and reviewed each year by the Board of Directors prior to the publication of the annual report. The Board of Directors shall inform the member mutuals of the findings of this assessment at the General Meeting called to nominate the Directors of Groupama Assurances Mutuelles or to approve appointments made by nominations by the Board of Directors.

Moreover, the Board must also annually verify the individual status of each Director with regard to the status of Independent Director and report its findings in the annual report.

It is assisted in this by the Compensation and Appointments Committee.

(d) Non-voting Board Members

Pursuant to Article 21 of the bylaws of Groupama Assurances Mutuelles, the General Meeting may appoint one or more non-voting Directors, up to a maximum of six.

All obligations of the Directors hereunder are applicable to the non-voting Directors, including when the obligations result from provisions applicable only to the Directors.

(e) Notice convening meetings – holding of Board meetings

The Board of Directors will meet at least four times per year when convened by its Chairman or by any party to whom the Chairman delegates this task. If the Board has not met for more than two (2) months, at least one third of the Board members may request the Chairman to convene a meeting for a specific agenda. Notices convening meetings shall be made by letter, telegram, telex, fax or e-mail, or verbally and may be sent by the General Secretary. The Chief Executive Officer may also request that the Chairman convene the Board for a specific agenda.

A draft schedule of meetings is to be prepared no later than December, for the following year.

Directors may ask the Chairman to invite the principal administrative officers of Groupama Assurances Mutuelles to meetings of the Board of Directors to question them on any issues relating to the exercise of their duties.

(f) Provisions specific to the holding of Board meetings by video conference or any method of telecommunication

Directors who participate in Board meetings by video conference or any other method of telecommunication, in accordance with the legal and regulatory provisions and within the established limits, are deemed to be present for purposes of calculating a quorum and majority.

These methods must have technical characteristics that guarantee effective participation in the Board meeting and must allow the continuous broadcast of its deliberations.

However, participation in Board meetings by video conference is excluded for ruling on the following decisions:

- appointment, compensation and dismissal of the Chairman and the Chief Executive Officer;

- preparation of the annual financial statements and the management report;
- preparation of the consolidated and combined financial statements and the management reports.

(g) Secretarial duties of the Board of Directors

The Secretarial duties of the Board of Directors are to be fulfilled by the General Secretary of Groupama Assurances Mutuelles.

(h) Attendance record and minutes

In accordance with the law and current regulations, an attendance record is to be maintained, which is to be signed by the Directors participating in the Board meetings, indicating the names of the Directors deemed present under the terms of Article R. 322-55-4 of the French Insurance Code.

The minutes will report the discussions as fully as possible.

Copies or extracts of the minutes of the deliberations are to be certified as valid by the Chairman, the Vice-Chairman called to preside over the meetings if the Chairman is unavailable, the Chief Executive Officer, the Secretary of the Board, or a legal representative authorised for this purpose.

(i) Assessment of the Board of Directors

The corporate governance report, attached to the management report, shall describe the conditions for preparing and organising the Board's tasks and the limits of its powers, if applicable.

To allow for preparation of this report, at least once per year, during one of its meetings, the Board of Directors will dedicate an item on its agenda to a discussion of its operation.

The Compensation and Appointments Committee is responsible for ensuring the proper application of the recommendations resulting from the assessment of the Board of Directors and its committees and for submitting regular reports to the Board.

8.1.3.2 Rights and obligations of Directors

(a) Submission of the articles of association and internal bylaws

Before accepting their duties, all Directors must be familiar with the laws and regulations relating to their duties. A copy of the bylaws of Groupama Assurances Mutuelles and of these internal bylaws will be submitted to them upon entering into office. The Board will ensure that the internal bylaws are updated to take into consideration any legal and regulatory changes as well as any changes to local practice.

(b) Training

The competence of the Directors is assessed by the ACPR collectively taking into account the training and individual experience of all members.

The knowledge and skills required by the ACPR, which are appropriate for carrying out the duties of the Board of Directors, relate to insurance markets, financial markets and the Company's strategy and business model, its governance system, financial and actuarial analysis and the legislative and regulatory requirements applicable to the undertaking and appropriate for carrying out the duties of the Board of Directors.

At all times, Directors are required to maintain a level of competence meeting the criteria required by the insurance laws.

Directors and members of specialised committees may be required to take training courses that meet these requirements or may take the initiative to do so if they deem this necessary.

(c) Participation in Board and committee meetings

Directors must dedicate the necessary time and effort to their duties. They must undertake faithfully to attend meetings of the Board and committees of which they are a member and actively participate in their respective work.

If they feel that any decision of the Board of Directors is likely to harm Groupama Assurances Mutuelles, Directors must undertake to clearly express their opposition and to use every means possible to convince the Board of the relevance of their position.

(d) Loyalty and conflicts of interest

Directors have an obligation of loyalty to Groupama Assurances Mutuelles. They must not under any circumstances act in their own interest against that of Groupama Assurances Mutuelles.

Directors undertake not to seek or accept from Groupama Assurances Mutuelles or the Group, directly or indirectly, benefits likely to be considered as compromising their independence of analysis, judgement and action. They must also reject any direct or indirect pressure possibly applied on them and possibly originating from other Directors, creditors, suppliers and any third party in general.

To this end, prior to signing, they undertake to submit to the Board of Directors, as well as to the Audit and Risk Management Committee, in accordance with the procedure described in Appendix 2, any agreements falling under Article R. 322-57 of the French Insurance Code.

Moreover, it is forbidden for Directors to:

- acquire a stake or responsibility in any unlisted company in which Groupama Assurances Mutuelles or the Group directly or indirectly holds a share in any capacity other than as a Group representative;
- acquire a stake or responsibility in any unlisted company that has a contractual relationship with Groupama Assurances Mutuelles or the companies of the Group, with the exception of customary insurance policies.

They are to ensure that their participation on the Board is not the source of any conflict of interest for them or Groupama Assurances Mutuelles, both personally and by reason of the professional interests they represent. In the event of a specific conflict of interest relating to a specific dossier, the Directors in question will report it in full and in advance to the Board of Directors; they will be required to abstain from participating in Board discussions and decision-making on this point (in that event they are excluded from calculation of the quorum and of the vote).

In the event of any question, Directors may consult the General Secretary, who will guide them on the application of these principles.

(e) Rights and obligations of Directors with regard to information

The Chairman or the Chief Executive Officer of Groupama Assurances Mutuelles must send each Director any documents and information necessary for fulfilment of the Board's duties, *i.e.,* making decisions for which it is competent and control of the administration exercised by management.

Preparation for Board meetings

The Chairman or the Chief Executive Officer will seek to communicate to the Directors no later than three days prior to any meeting, except in the case of an emergency or extraordinary circumstance, a work file, including in electronic form, containing all necessary documents and information, to allow the Directors to participate in Board discussions in a knowledgeable manner and to make a useful contribution to discussion points on the agenda.

In the absence of information or in the event that the information communicated is deemed to be incomplete, the Directors will request that the Chairman or the Chief Executive Officer provide information they believe to be essential to their participation in the Board of Directors meetings.

Ongoing information

Outside of Board meetings, the Chairman or Chief Executive Officer is required to communicate to Directors, insofar as they are aware thereof, information and documents needed to perform their duties, insofar as they are not hindered by business secrecy, as Directors have an obligation of confidentiality.

Requests for documents and information from Directors are to be sent to the General Secretary, who will forward them to the Chief Executive Officer. The list of documents requested by Directors is to be included as an item on the agenda of the next meeting of the Board of Directors; this list is to be included in the minutes of such meeting.

For reasons of confidentiality, the Chairman or the Chief Executive Officer may deem it preferable to make the requested documents available to Directors at the Company's headquarters.

If the Chairman or the Chief Executive Officer believes the information request exceeds the responsibilities of the Director or is likely to raise a problem of conflict of interest, the Chairman or Chief Executive Officer, after having so informed the Director in question, may consult the Chairman of the Audit and Risk Management Committee for advice, prior to any response.

(f) Accumulation of terms of office

Candidates for the offices of Director are required to inform the Board of Directors of any positions of Director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board or sole Chief Executive Officer that they may hold in other mutual insurance companies, mutual reinsurance companies or mutual insurance groups or public limited companies headquartered in France, to allow the Board of Directors, assisted by the Compensation and Appointments Committee, to verify that the candidates, if elected, meet the accumulation conditions provided for by French law.

Directors are required to inform the Board of their appointment as Director, Chairman, Chairman of the Board of Directors, Chief Executive Officer, member of the Supervisory Board and Management Board, Chairman of the Management Board and sole Chief Executive Officer in the companies mentioned above within five days of their nomination.

Within one month after the close of the fiscal year just elapsed, Directors are also required to communicate the list of positions they have occupied during the year just elapsed with a view to preparing the management report.

(g) Duty of secrecy: confidential information

Directors, as well as any party called upon to attend all or part of the meetings of the Board of Directors and committees, are subject to an obligation of discretion as to the progress and content of the discussions.

Specifically, Directors must maintain secrecy with regard to information corresponding to the definition of financial information, or other information likely to be of interest to third parties and specifically competitors of Groupama Assurances Mutuelles or the Group, or confidential information and data. They undertake not to use for personal purposes, and not to disclose outside the obligations of their position, any confidential information.

(h) Prevention of risk of insider trading

This paragraph contains the rules of professional ethics intended to prevent the risk of insider trading, with regard to financial transactions pertaining to an issuer of financial instruments or financial instruments carried out by members of the Board of Directors, whenever Directors, in the exercise of their functions, hold or have access to inside information pertaining to that issuer or those financial instruments.

Legal and regulatory framework

The applicable legislative and regulatory framework comes from the French Monetary and Financial Code and Regulation (EU) no 596/2014 of 16 April 2014 on market abuse.

The mechanism put in place is primarily based on the principle that any inside information concerning an issuer of financial instruments or financial instruments must not be unlawfully disclosed or used to carry out trades on one's own behalf or on behalf of a third party directly or indirectly or by recommending to another person to carry out a trade.

Failure to comply with the rules in this matter is punishable by law (prison term and major fine).

The French financial markets authority (AMF) may alternatively prosecute these violations and impose pecuniary sanctions.

Simplified definitions

The definitions below have been simplified to facilitate a quick understanding of the key provisions of the regulations. For exhaustive details about these regulations, the complete texts are available from the General Secretariat.

WHO MAY BE CONSIDERED AN "INSIDER"?

Members of the Board of Directors, the Chief Executive Officer and any person having inside information in the course of his/her duties.

WHICH FINANCIAL INSTRUMENTS ARE CONCERNED?

In particular, they include any financial instrument traded on a regulated market or on a multilateral trading facility (MTF) or an organised trading facility (OTF): shares or other rights that grant or may grant access, directly or indirectly, to share capital or voting rights, debt securities, mutual fund shares or units, or derivatives.

WHAT IS "INSIDE INFORMATION"?

This is specific information that has not been made public, which involves, directly or indirectly, one or more issuers of financial instruments or one or more financial instruments and which, if it were made public, would be likely to have considerable influence on the prices of the financial instruments in question or the derivatives tied to them.

Information is considered to be specific if it mentions a set of circumstances that exists or is reasonably likely to exist or an event that has happened or is reasonably likely to happen, when it is possible to conclude from the information the effect that those circumstances or that event could have on the prices of the financial instruments concerned.

Information that, were it to be made public, would be likely to have considerable influence on the price of the financial instruments concerned is information that could be used by reasonable investors as one of the foundations of their investment decisions (buy, sell or hold).

WHAT INFORMATION OR EVENTS RELATING TO AN ISSUER OF FINANCIAL INSTRUMENTS MAY BE CONSIDERED AS CONSTITUTING INSIDE INFORMATION?

Examples include:

- earnings (or estimated earnings), and changes thereto that are higher or lower than announced forecasts;
- mergers, acquisitions, public offerings, joint ventures, disposals or changes in assets, acquisitions of interest, major partnerships;
- major new products or changes involving customers or suppliers (such as the acquisition or loss of a customer or a major contract);
- major litigation, investigations or proceedings conducted by the audit authorities;
- a one-time event linked to the business, which may have a significant effect on earnings;
- events affecting the financial instruments of the issuer (failure to repay debt, early redemption, buyback programmes, division of par value or shares, modifications of dividends, changes to the rights of holders of financial instruments, public or private sales of additional financial instruments).

This list is not exhaustive; other information may be considered as privileged depending on the circumstances.

WHEN MAY INFORMATION BE CONSIDERED AS NOT PUBLIC?

Information is not public when it has not been disclosed through, for example:

- an official press release, news service or mass-circulation daily newspaper;
- an official document filed with a control authority (such as the registration document filed with the AMF);
- the Internet;
- documents sent to shareholders (annual report or information prospectus).

Applicable rules

Members of the Board of Directors, the Chief Executive Officer and persons attending Board meetings may receive inside information about issuers of financial instruments admitted to a regulated market or other trading facility, for example, during the examination of a partnership, merger/acquisition or equity investment transaction.

Issuers in which the Group holds a strategic investment are especially concerned.

CONFIDENTIALITY

Any member of the Board of Directors, the Chief Executive Officer and any person attending meetings of the Board of Directors holding, in the course of his or her duties, inside information relating to an issuer of the aforementioned financial instruments or to financial instruments of such an issuer is bound by a duty of confidentiality with respect to such information.

They are forbidden to disclose this information outside the normal framework of their functions or for reasons other than those related to why the information was disclosed to them.

If the person in question must divulge this information to other persons in the Group or third parties for the purpose of exercising their functions, he/she undertakes to do so only after having informed such persons or third parties that the information is confidential and that they are required to comply with the rules applicable to persons who have inside information.

TRADING IN FINANCIAL INSTRUMENTS

As long as the inside information has not been made lawfully public, the member of the Board of Directors, the Chief Executive Officer and any person attending meetings of the Board of Directors holding inside information in the course of his/her duties about an issuer of financial instruments or a financial instrument admitted to a regulated market or a trading facility may not:

- use the inside information that he/she has, acquire or dispose of, or attempt to acquire or dispose of, on either his/her own behalf or on behalf of others, directly or indirectly, the financial instruments tied to that information or any financial instruments to which those instruments are tied;

- recommend to other persons that they acquire or dispose of, or have other persons acquire or dispose of, the financial instruments tied to that information or financial instruments to which those instruments are tied, based on the inside information.

(i) Compensation

The compensation of the Independent Directors provided for in Article R. 322-120-3 of the French Insurance Code and, where applicable, of the non-voting Directors is determined by the Board on the recommendation of the Compensation and Appointments Committee within the limits set by the General Meeting. The allowances granted to Directors representing member mutuals and to members of the Mutual Insurance Advisory Board are set by the Board of Directors within the limits set by the General Meeting.

The compensation granted to Independent Directors and, where applicable, to non-voting Directors and the compensation granted to Directors representing member mutuals are set out in the corporate governance report, appended to the management report.

Directors who participate by phone in a regularly scheduled meeting of the Board of Directors or one of its committees receive no Directors' fees.

8.1.3.3 Executive Management

Within the framework of the powers conferred to the central body, the Executive Management is responsible for taking any necessary measures for the cohesion and proper operation of the network and therefore must, in particular:

- represent the organisations within the network with the French banking regulator (ACPR);
- ensure the application of the legislative and regulatory provisions specific to the organisations within the network;
- organise audit and control duties within the network;
- ensure that retrocessions of organisations that it reinsures are sufficient to guarantee their solvency and compliance with their commitments, report to the Board of Directors and propose any necessary measures;
- issue, under the conditions set out in the agreement on security and solidarity plans entered into between Groupama Assurances Mutuelles and the organisations within the network, any useful instructions for engaging in the business of the organisations within the network and ensure their effective implementation;
- implement the organisation of the internal control programme as well as the risk management policy;
- approve the appointment of the Chief Executive Officers of the organisations within the network, under the conditions set out in the agreement on security and solidarity plans.

8.1.3.4 Appendices to the internal bylaws of the Board of Directors

Appendix 1

Audit and Risk Management Committee

PURPOSE OF THE COMMITTEE

The purpose of the Audit and Risk Management Committee is as follows:

- to analyse the mid-year and annual financial statements distributed by Groupama Assurances Mutuelles upon preparation of the accounts and to provide greater detail on certain items prior to their presentation to the Board of Directors;
- to ensure the relevance and permanence of the accounting principles and methods applied;
- to study changes and adaptations to the accounting principles and rules;
- to verify the accounting treatment of any significant action carried out by Groupama Assurances Mutuelles;
- to examine the scope of consolidation of the consolidated companies and, as applicable, the reasons for which certain companies are not included therein;
- to examine significant off-balance sheet commitments;
- to review the financial investment policy and assets/liabilities management;
- to examine forecasts in advance and monitor their realisation by identifying the major gaps;
- to monitor the statutory audit by the statutory auditors of the annual financial statements and the consolidated and combined financial statements;
- to ensure that the internal data collection and control procedures guarantee the quality and reliability of the Company's accounts;
- to monitor the process of preparation of the financial information; to check, before publication, all accounting and financial information documents issued by Groupama Assurances Mutuelles;
- to manage the procedure for selecting the statutory auditors, review their activity schedule and their recommendations, prepare a notice on the total fees requested for performing the legal audit assignments, monitor the application of rules to ensure the independence of the statutory auditors and, where appropriate, authorise the statutory auditors' provision of services other than the certification of the financial statements; to this end, the committee may ask to be notified of the fees paid by Groupama Assurances Mutuelles and its group to the statutory auditors and their respective networks;
- to receive the reports of the statutory auditors;
- to receive reports upon request on any subjects falling within its competence from the Group's financial and accounting management;
- to monitor the effectiveness of the internal control and risk management systems and to assess their consistency, particularly with regard to ethics compliance; to assess the internal auditing work and the annual report on internal control;
- to monitor the risk management policies, procedures and systems and, within this context, to review the prudential reports intended, as the case may be, for the ACPR or for public disclosure (ORSA, SFCR, RSR, etc.), the Group's major risks,

the Business Continuity Plans and the report on anti-money laundering activities and combating the financing of terrorism;

- to analyse any agreement entered into under the conditions referred to in Article R. 322-57 of the French Insurance Code, including such agreements between Groupama Assurances Mutuelles and one of its non-voting Directors.

In this context, the committee must submit a report to the Board of Directors for each of these agreements, specifically regarding its purpose, its amount and its principal conditions, and draw its conclusions in particular as to the applicable procedure (prior authorisation or communication by the Chairman to members of the Board of Directors and the statutory auditors, provided that it involves agreements corresponding to current operations entered into under normal conditions under the terms of Article R. 322-57 of the French Insurance Code).

The committee will also report to the Board of Directors on the status of these agreements;

- to review any possible amendment to the reinsurance agreement;
- to review the funding of major programmes, in particular mutual certificates;
- and, in general, to prepare the work of the Board of Directors, support its decision-making and inform or even alert it when necessary.

MEMBERSHIP

The Audit and Risk Management Committee consists of a minimum of three (3) and a maximum of six (6) members appointed by the Board of Directors, chosen from among the Directors and, where applicable, the non-voting Directors. At least one (1) of the committee members must be independent and chosen from among the Directors external to the Company if the committee has three members; the number of independent members must be at least two (2) if the committee has five (5) or more members. The committee cannot include the Chairman of the Board of Directors among its members. At least one committee member must, by training and experience, have a good understanding of financial statements and the accounting principles used by Groupama Assurances Mutuelles, the ability to evaluate the general application of these principles, experience in the preparation, audit, analysis and evaluation of financial statements of a complexity comparable to those of Groupama Assurances Mutuelles, good understanding of internal control procedures and the committee's functions, and, if possible, training or experience in insurance.

The committee is chaired by an Independent Director. However, the committee may reserve the right to appoint, as a transitional measure, a Chairman chosen from among the Directors representing the member mutuals.

The terms of office of committee members coincide with their terms as Director or non-voting Director. The committee appoints its own Chairman. The General Secretary of Groupama Assurances Mutuelles serves as Committee secretary.

OPERATION

Internal organisation of the committee

The Audit and Risk Management Committee meets as often as deemed necessary and at least twice a year prior to the examination of the annual and mid-year financial statements by the Board of Directors.

Members are convened by the Committee Chairman or two of its members. The Chairman of the Board of Directors or the Chief Executive Officer may also request that the Chairman convene the Audit and Risk Management Committee on a specific item.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes of the meeting will be prepared, recording the agenda and the discussions held between committee members. The Committee Chairman or a member of the committee appointed for this purpose will report the committee's opinions and recommendations to the Board of Directors for the purposes of its deliberations.

The committee is required to prepare an activity report on the fiscal year just ended, which it will submit to the Board of Directors within three (3) months after the close of the said fiscal year.

Exceptional cases

Depending upon the agenda, the Committee Chairman:

- may call in any person of the Group likely to offer the committee relevant and useful clarifications for a proper understanding of an issue;
- must exclude from its discussions non-independent members of the committee for the assessment of points likely to pose ethical problems or conflicts of interest.

Working methods

Members of the Audit and Risk Management Committee will benefit, as of their nomination, from information on the accounting, financial, and operational details of Groupama Assurances Mutuelles.

The time frames for examination of the accounts by the Audit and Risk Management Committee must be sufficient (at least two days prior to the assessment by the Board of Directors). For the purposes of its examination of the accounts, the committee will receive a memorandum from the statutory auditors highlighting the essential points not only of the results, but also of the accounting options applied, as well as a note from the Chief Financial Officer describing the exposure to risks and the significant off-balance sheet commitments of Groupama Assurances Mutuelles.

Appendix 2

Compensation and Appointments Committee

PURPOSE OF THE COMMITTEE

The purpose of the Compensation and Appointments Committee is as follows:

- propose to the Board of Directors any matters relating to the personal status of the Corporate Secretaries, specifically compensation, pensions, as well as provisions for the departure of members of the Company's management bodies;
- make any proposals relating to the compensation of corporate officers;
- define the rules for setting the variable portion of the compensation of Corporate Secretaries and ensure the consistency of these rules with the annual assessment of the performance of the Corporate Secretaries and with the Group's medium-term strategies;

- evaluate all compensation and benefits received by Directors, as applicable, from other companies of the Group, including retirement benefits and benefits of any kind;
- organise a procedure to select future Independent Directors and to perform its own research on potential candidates before any measure has been taken with regard to the latter;
- verify each year the individual status of each Director other than Directors representing member mutuals or employees with regard to the status of Independent Director and communicate the conclusions of its examination to the Board of Directors;
- perform each year tasks involving the assessment of the methods of working of the Board of Directors and to communicate the conclusions of these tasks to the Board of Directors.

MEMBERSHIP

The Compensation and Appointments Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors and chosen from among the Directors and, where applicable, the non-voting Directors. At least one (1) of the committee members must be chosen from among the Company's Independent Directors.

The terms of office of committee members coincide with their terms as Director or non-voting Director. The committee appoints its own Chairman. The General Secretary of Groupama Assurances Mutuelles serves as Committee secretary.

The committee is chaired by an Independent Director. However, the committee may reserve the right to appoint, as a transitional measure, a Chairman chosen from among the Directors representing the member mutuals.

OPERATION

Internal organisation of the committee

The Compensation and Appointments Committee will meet as often as is deemed necessary and at least once a year prior to approval of the agenda of the annual General Meeting, to examine the draft resolutions to be submitted thereto concerning the positions of members of the Board of Directors and, as applicable, of non-voting Directors, and prior to the assessment by the Board of Directors of the compensation of the Chairman and Chief Executive Officer. Members are convened by the Committee Chairman or two of its members. The Chairman of the Board of Directors or the Chief Executive Officer may also request that the Committee Chairman convenes the Compensation and Appointments Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes of the meeting will be prepared, recording the agenda and the discussions held between committee members. The Committee Chairman or a member of the committee appointed for this purpose will report the committee's opinions and recommendations to the Board of Directors for the purposes of its deliberations.

The committee is required to prepare an activity report on the fiscal year just ended, which it will submit to the Board of Directors within three (3) months after the close of the said fiscal year.

Exceptional cases

Depending upon the agenda, the Committee Chairman may convene any person of the Group capable of offering the committee relevant and useful clarification as to the proper understanding of an issue.

Appendix 3

Strategy Committee

PURPOSE OF THE COMMITTEE

The Strategy Committee has the following responsibilities:

- review the strategic guidelines and associated action plans of the Group and its components as contained in the three-year Strategic and Operational Planning Process;
- discuss the Group's longer-term, forward-looking strategic guidelines with regard to the opportunities and constraints of the environment as anticipated by the Group;
- review, on behalf of the Board of Directors, proposed strategic partnerships or M&A (acquisitions and disposals) and similar opportunities from strategic and financial perspectives, it being specified that the Chairman of the Audit and Risk Management Committee shall be invited to take part in this work.

MEMBERSHIP

The Strategy Committee consists of a minimum of three (3) and a maximum of five (5) members appointed by the Board of Directors and chosen from among the Directors and, where applicable, the non-voting Directors. At least one (1) of the committee members must be independent, on the understanding that independence is determined in accordance with the criteria listed in Appendix 4 below. The committee cannot include the Chairman among its members.

The terms of office of committee members coincide with their terms as Director or non-voting Director. The committee appoints its Chairman from among the Independent Directors. The General Secretary of Groupama Assurances Mutuelles serves as Committee secretary.

OPERATION

Internal organisation of the committee

The Strategy Committee will meet as often as it deems necessary and at least once a year. Members are convened by the Committee Chairman or two of its members. The Chairman or the Chief Executive Officer may also ask the Chairman to convene the Strategy Committee on a specific point.

Meetings of the committee are considered valid when at least half its members are in attendance. A committee member cannot be represented.

Minutes of the meeting will be prepared, recording the agenda and the discussions held between committee members. The Committee Chairman or a member of the committee appointed for this purpose will report the committee's opinions and recommendations to the Board of Directors for the purposes of its deliberations.

The committee is required to prepare an activity report on the fiscal year just ended, which it will submit to the Board of Directors within three (3) months after the close of the said fiscal year.

Exceptional cases

Depending upon the agenda, the Committee Chairman may convene any person of the Group capable of offering the committee relevant and useful clarification as to the proper understanding of an issue.

Working methods

The Chairman of the Audit and Risk Management Committee shall be invited to participate in the work of the Strategy Committee with regard to the financial aspects of strategic partnerships and external growth matters.

Appendix 4

Criteria for independence

The criteria that the Compensation and Appointments Committee and the Board of Directors must examine in order to classify someone as an Independent Director and prevent the risk of conflict of interest facing the Director are as follows:

- he/she is not an employee of Groupama Assurances Mutuelles or is not an employee or Director of a member mutual or a company that it consolidates and has not been at any time over the past five years;
- he/she has not been paid Groupama Assurances Mutuelles, in any form whatsoever, with the exception of Directors' attendance fees and compensation granted to Independent Directors and non-voting directors for their duties, compensation of over one hundred thousand euros (€100,000) within the past five years;
- he/she is not a Corporate Secretary of a company in which Groupama Assurances Mutuelles holds, directly or indirectly, the position of director or in which an employee designated as such or a Corporate Secretary of the Company (currently or within the past five years) holds the position of director;
- he/she is not a significant customer, supplier, investment banker or financing banker of Groupama Assurances Mutuelles or its group, or for which Groupama Assurances Mutuelles or its group represents a significant portion of business activity;
- he/she has no close family ties to a corporate officer;
- he/she has not been statutory auditor of the Company during the past five years;
- he/she has not been a director of the Company for over twelve years.

The Board of Directors may consider a director, although meeting the above criteria, not to be independent on the basis of his/her particular situation or that of Groupama Assurances Mutuelles, or for any other reason. Conversely, the Board of Directors may consider a director not meeting the above criteria to be independent.

8.2 INFORMATION CONCERNING SHARE CAPITAL AND PRINCIPAL SHAREHOLDERS

8.2.1 SHARE CAPITAL BEFORE CONVERSION

The share capital before conversion results from the completion of the takeover of Groupama Holding 2 and Groupama Holding and the subsequent transactions on the share capital. The takeover of these two companies was completed on 7 June 2018, with retroactive effect to 1 January 2018. As such, the number of Groupama SA shares contributed by Groupama Holding on 7 June includes the 6,752 shares acquired between 1 January and 7 June 2018, pursuant to the liquidity commitment, as well as the 68 shares returned by the directors.

8.2.1.1 Total share capital at 7 June 2018

Following the takeover of Groupama Holding 2 and Groupama Holding and the subsequent capital increases and reductions, carried out on 7 June 2018 prior to the conversion, the characteristics of the share capital were as follows:

- total share capital issued: €2,111,110,863.88, represented by shares of all the same category;
- number of shares issued and fully paid up: 411,924,071;
- par value of the shares: €5.125;
- authorised share capital not issued: maximum nominal amount of €1.1 billion.

8.2.1.2 History of the share capital over the past three years

	Position at 07.06.2018 before mergers			Position at 31.12.2017			Position at 31.12.2016		
Shareholders	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Groupama Holding	374,939,492	92.02%	91.55%	374,932,672	92.01%	91.55%	374,904,900	92.01%	91.54%
Groupama Holding 2	32,435,200	7.96%	8.42%	32,435,200	7.96%	8.42%	32,435,200	7.96%	8.42%
Directors (1)	0	0.00%	0.00%	68	NS	NS	56	NS	NS
Others (2)	99,484	0.02%	0.03%	106,236	0.03%	0.03%	134,020	0.03%	0.04%
TOTAL	**407,474,176**	**100.00%**	**100.00%**	**407,474,176**	**100.00%**	**100.00%**	**407,474,176**	**100.00%**	**100.00%**

(1) Shares lent by Groupama Holding.
(2) Employees, former employees and sole agents.

The following table shows the changes in the share capital over the past three years.

Date of completion	Operation	Number of shares issued/ cancelled	Par value of the shares	Nominal amount of the capital increase/ reduction	Contribution or merger issue premium	Cumulative capital	Cumulative number of shares
07.06.2018	Cancellation of existing shares following the conversion of the Company into an Agricultural Reinsurance Mutual	411,924,071	€5.125	€2,111,110,863.88	0	0	0
07.06.2018	Capital reduction by cancellation of the shares contributed by Groupama Holding on 07.06.2018	374,939,492	€5.125	€1,921,564,896.50	0	€2,111,110,863.88	411,924,071
07.06.2108	Capital increase as compensation for the merger takeover of Groupama Holding	378,191,874	€5.125	€1,938,233,354.25	€1,322,162,494.91	€4,032,675.760.375	786,863,563
07.06.2018	Capital reduction by cancellation of the shares contributed by Groupama Holding 2	32,435,200	€5.125	€166,230,400	0	€2,094,442,406.125	408,671,689
07.06.2018	Capital increase as compensation for the merger takeover of Groupama Holding 2	33,632,713	€5.125	€172,367,654.125	€116,277,202.32	€2,260,672,806.125	441,106,889
25.02.2016	Capital increase eliminating the preferential share subscription right held by Groupama Holding and Groupama Holding 2	78,387,464	€5.125	€401,735,753	€298,264,300.52	€2,088,305,152	407,474,176

8.2.1.3 Employee holdings of Groupama SA shares

On 7 June 2018, prior to the conversion of the Company, current employees, former employees, and sole agents of Groupama SA held 0.02% of the Groupama SA share capital.

8.2.2 SITUATION AFTER CONVERSION

The conversion of Groupama SA into a National Agricultural Reinsurance Mutual, a legal form without capital, resulted in the cancellation of all Groupama SA shares as of the day of its conversion.

8.2.2.1 Non-equity instruments

On 7 June 2018, the shares held by the 13 Groupama member mutuals were converted into mutual certificates. They now hold 411,824,587 mutual certificates, with a par value of €8.785, funding the initial capital for a total of €3,617,878,996.80.

8.2.2.2 Shares held by the Company or its subsidiaries

Not applicable.

8.2.2.3 Other equity instruments

Not applicable.

8.2.2.4 Employee profit-sharing

The cancellation of the Groupama SA shares, on the day of its conversion, ended the liquidity commitment to employees, former employees and sole agents (as described in section 7.2.1.6 of the 2017 registration document).

In accordance with Article 52 of the Sapin 2 law, the shares held by them were cancelled and refunded by the Company.

8.2.3 MAIN SHAREHOLDERS BEFORE CONVERSION

The following table shows the number of shares, the percentage of capital, and the percentage of corresponding voting rights held by the Company's principal shareholders as of 7 June 2018, before the mergers.

A double voting right was allocated to all fully paid-up shares, for which nominative registration is justified after at least two years in the name of the same shareholder either of French nationality or originating from a Member State of the European Union.

As of 7 June 2018, 99.99% of the Company's share capital had double voting rights.

Shareholders	Number of shares	% of capital	Number of voting rights	% of voting rights
Groupama Holding (1)	374,939,424	92.02%	749,837,315	92.02%
Groupama Holding 2 (1)	32,435,200	7.96%	64,870,400	7.96%
Others (2)	99,552	0.02%	199,076	0.02%
TOTAL	**407,474,176**	**100.00%**	**814,906,791**	**100.00%**

(1) Groupama Holding and Groupama Holding 2 were the holding companies of Groupama SA, the shareholders of which were the Regional Insurance Mutuals and the Agricultural Reinsurance Mutuals.

(2) As of 7 June 2018, the current employees, former employees, and sole agents held 99,484 shares, representing 0.02% of the Company's capital. Moreover, on the same date, directors as a whole held 68 shares, i.e., four company shares each.

On 7 June 2018, following the General Meeting of Groupama SA, Groupama Holding and Groupama Holding 2 were taken over by Groupama SA, resulting in the issue of new shares to compensate for these transactions, allocated to the regional mutuals, shareholders of the two holding companies, and then the cancellation of the shares contributed by Groupama Holding and Groupama Holding 2.

Following these transactions, the distribution of capital was as follows:

Shareholders	Number of shares	% of capital	Number of voting rights	% of voting rights
Regional mutuals	411,824,587	99.98%	411,824,587	99.95%
Current employees, former employees, and sole agents	99,484	0.02%	198,968	0.05%
TOTAL	**411,924,071**	**100.00%**	**412,023,555**	**100.00%**

Lastly, following the approval of the conversion of Groupama SA from a public limited company into an agricultural mutual reinsurance fund, a legal structure without capital, all the shares comprising Groupama SA's capital were cancelled.

8.3 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT, FINANCIAL DISCLOSURES AND FOR AUDITING THE FINANCIAL STATEMENTS

8.3.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Thierry Martel, Chief Executive Officer of Groupama Assurances Mutuelles.

8.3.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

I hereby declare, after taking every reasonable measure for this purpose, that the information contained in this registration document is, to my knowledge, a true reflection of the facts and does not contain any omissions liable to alter the scope thereof.

I hereby declare that, to my knowledge, the financial statements were prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, the financial position and the earnings of the Company and of all the companies included in its scope of consolidation, and the information disclosed in the management report presented under section 6.1 presents a true and fair view of the business trends affecting the Company and of the results and financial position of the Company and of all the companies included in its scope of consolidation as well as a description of the principal Risks and uncertainties they face.

I have received from the statutory auditors, PricewaterhouseCoopers Audit and Mazars, an end-of-engagement letter in which they indicate that they have audited the information on the Company’s financial position and the financial statements given in this registration document, with the exception of prudential information relating to solvency, which they did not review, and read the whole of the registration document.

Paris, 25 April 2019

Chief Executive Officer

Thierry Martel

8.3.3 PERSON RESPONSIBLE FOR THE FINANCIAL DISCLOSURE

- Fabrice Heyriès

Deputy Managing Director

Telephone: 01.44.56.28.54

Address: 8-10, rue d’Astorg – 75008 Paris (headquarters).

8.3.4 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

8.3.4.1 Principal statutory auditors

Entered on the Roll of statutory auditors in Versailles

- PricewaterhouseCoopers Audit

  Represented by Christine Billy
  Crystal Park
  63, rue de Villiers
  92208 Neuilly sur Seine

- Mazars

  Represented by Pascal Parant and Nicolas Dusson
  Tour Exaltis
  61, rue Henri-Régnault
  92400 Courbevoie

8.4 DOCUMENTS AVAILABLE TO THE PUBLIC

All of the Company's press releases and the annual reports include historical financial information about the Company are available on the Company's website at www.groupama.com, in the "Investor" space, in "Financial Publications > Financial press releases", and a copy can be obtained at the Company's headquarters at 8-10 rue d'Astorg – 75008 Paris.

The Company's articles of association as well as the minutes of General Meetings, statutory auditors' reports and parent company and consolidated accounts can be reviewed at the Company's headquarters: 8-10, rue d'Astorg – 75008 Paris, in the Legal Department.

GLOSSARY

Actuarial reserves

Sums which the insurer must record as liabilities on its balance sheet, corresponding to its commitments to policyholders.

On a like-for-like basis

On a like-for-like basis means that the information related to the period of the relevant fiscal year are adjusted using the exchange rate applicable for the same period of the previous fiscal year (constant exchange rate), eliminating the income from acquisitions, disposals and changes in scope of consolidation (constant scope) and cancelling changes in accounting methods (constant methodology) in one of the two periods compared.

Combined ratio

The combined ratio of Groupama Assurances Mutuelles is the ratio:

- of the total claims expense net of reinsurance and operating costs;
- to the premiums earned net of reinsurance.

Duration

The duration of a bond corresponds to the average duration of the funds generated by it weighted by their current values. On this order of magnitude, the value of the bond can be understood in terms of its sensitivity to conversions in the yield curve by extension, any flow sequence can be calculated, particularly those related to insurance liabilities based on projections of such flows.

Economic operating profit

Groupama Assurances Mutuelles' economic operating profit corresponds to the net profit, including any capital gains or losses on the share going to the shareholder, variations in fair value and one-time activities, net of corporate income tax.

Group insurance

A category of insurance allowing a legal entity called an underwriter to underwrite a policy with an insurance company for the purpose of having a group of persons join who are united by similar ties.

Guaranteed rates policy

Policy under which the insurer promises under contract to pay interest on the capital built up at a certain rate.

Individual insurance

A category of life and health insurance under which an individual can take out an insurance policy (death, life) with an insurance company.

Life and health insurance

Policies covering a personal risk. These policies include life and death insurance but also all risks affecting the physical integrity of the person due to accident or illness (disability, long-term care, healthcare reimbursement costs, etc.).

Long-term care policy

Policy designed to cover the risk of the loss of independence by the elderly.

Multi-vehicle policy

Insurance policy whose redemption value or the service paid by the insurer is denominated in euros and unit-linked assets The policyholder (or member) generally has a choice of currency in which he wishes to invest his premiums (in euros or in unit-linked assets) and may, depending on the possibilities provided under the policy, request that the initial choice be changed (arbitrage).

Policy in euros

Policy under which the redemption value or the service paid by the insurer are denominated in euros.

Profit-sharing

In life insurance and capitalisation, insurance companies include their policy-holders in their earnings by redistributing them.

Run-off

Discontinued operations for which the premium income consists exclusively of periodic premiums associated with old subscriptions.

Statutory solvency margin

Minimum risk coverage related to the insurance business required by oversight agencies to protect the interests of policy-holders.

Unit-linked policy

Insurance policy for which the redemption value and the service paid by the insurer are expressed not in euros but in another unit of value, generally in the number of shares or mutual fund units. Thus the exchange value in euros of the insurer's commitment depends on changes in the securities comprising the mutual fund on the financial markets.

CONCORDANCE TABLE WITH THE HEADINGS REQUIRED BY EU REGULATION NO 809/2004

The concordance table below refers to the principal items required by EU Regulation 809/2004 (Schedule 1) pursuant to the "Prospectus" Directive.

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