




GROUPAMA ASSURANCES MUTUELLES

2019 UNIVERSAL REGISTRATION DOCUMENT

Including the annual financial report






LE GROUPE Groupama

ASSUREURS CRÉATEURS DE CONFIANCE

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UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

2019

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This universal registration document was filed on 28 April 2020 at the French Financial Markets Authority (Autorité des Marchés Financiers), as competent authority under Regulation (EU) No. 2017/1129, without prior approval, in accordance with Article 9 of that Regulation.

The universal registration document may be used for the purpose of offering securities to the public or for the admission of securities to trading on a regulated market if it is supplemented by a securities note and, where appropriate, a summary and all amendments to the universal registration document. The whole is approved by the AMF in accordance with Regulation (EU) No. 2017/1129.

This is a free translation into English of the French Universal 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 – covered at the time 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 marine 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 2" 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:

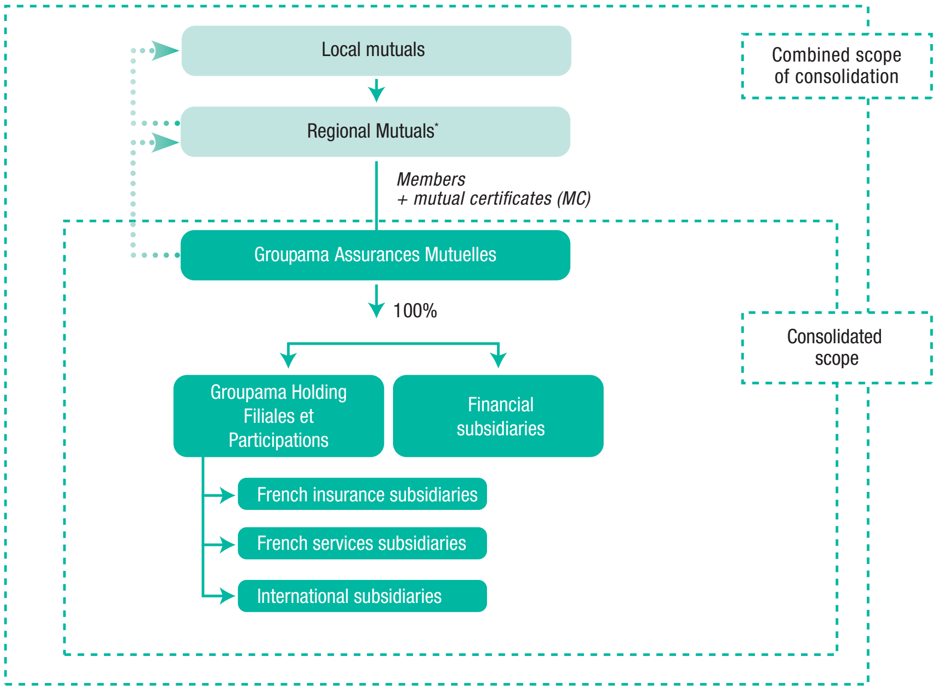
- Groupama SA sold its direct insurance portfolio to Gan Assurances in November 2017, given that Groupama Assurances Mutuelles can only engage in reinsurance by virtue of its bylaws;
- in December 2017, Groupama SA contributed most of its insurance and service subsidiaries to Groupama Holding Filiales 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.

In connection with this conversion, the Group has defined its purpose, which guides and inspires the Group's current and future directions: "We are here to allow as many people as possible build their lives confidently".

As a responsible investor, the Groupama group places climate change at the heart of its commitments. On 19 September 2019, Groupama made a commitment to acquire 18% of the capital of Predica Energies Durables (PED), a subsidiary of Crédit Agricole Assurances dedicated to investments in renewable energy production assets alongside Engie. PED is an investment vehicle in onshore wind and solar assets in France.

1.2 ORGANISATION OF THE GROUP AND GROUPAMA ASSURANCES MUTUELLES



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

Reinsurance.

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 (33,500 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 (2,800), 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:

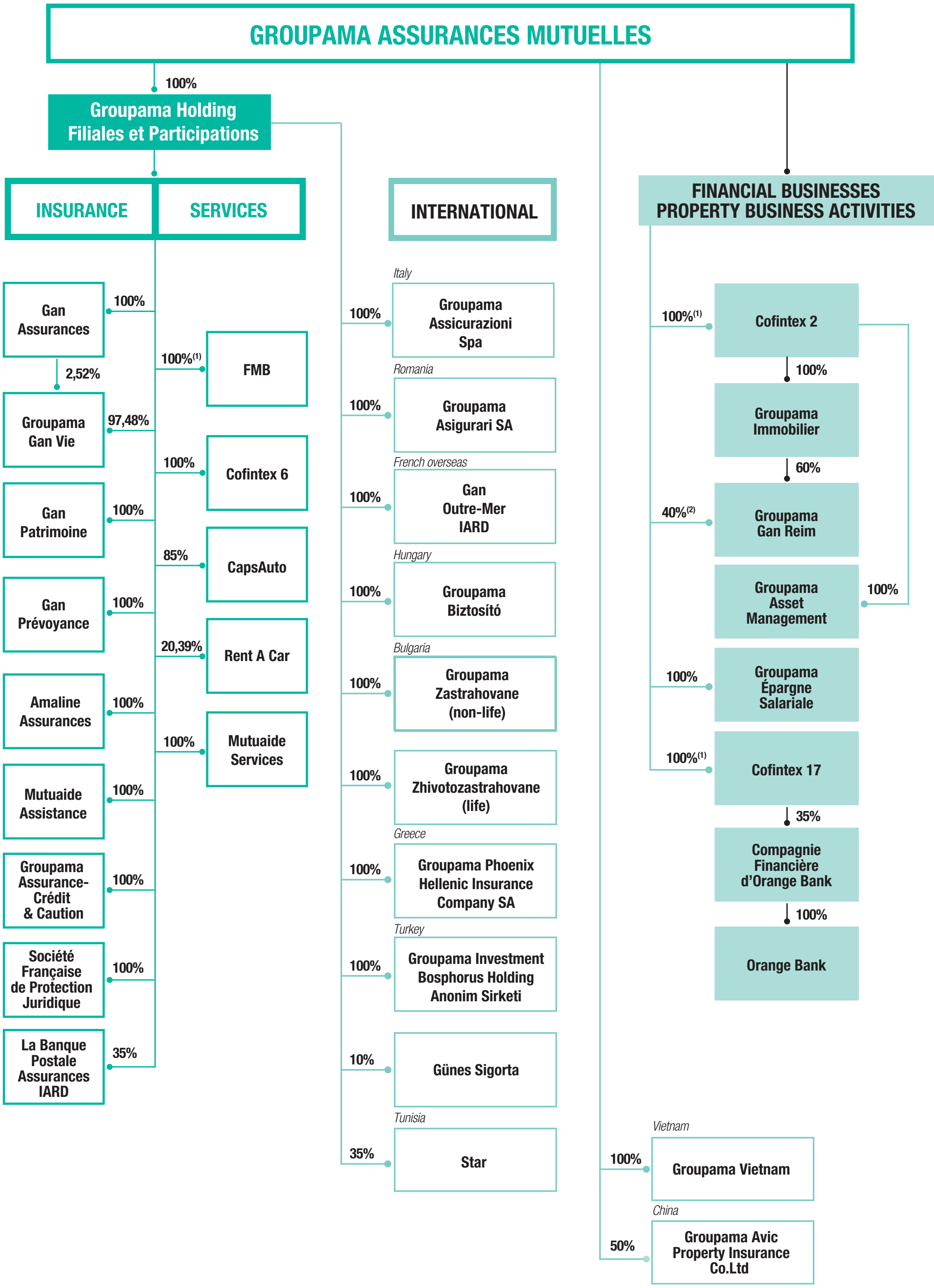
- the combined scope, which includes all the entities of the Group and all of the activities of the regional mutuals;
- the consolidated scope of which Groupama Assurances Mutuelles is the parent company. In addition to the activities of the subsidiaries, its business lines include approximately 35% 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 2019



(1) *Directly and indirectly.*

(2) *Indirectly by Groupama Gan Vie.*

A more exhaustive list of the Group's main subsidiaries is presented in Note 51 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 46 – Related Parties – to the consolidated financial statements and is the subject of a special report from the statutory auditors on regulated agreements and commitments (see section 3.7).

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 accounts for the fiscal years ended 31 December 2017, 2018, and 2019. In accordance with EC Regulation no 1606/2002 of 19 July 2002 on the application of international financial reporting standards, the consolidated financial statements of Groupama Assurances Mutuelles have been prepared in accordance with the IFRS as adopted by the European Union.

(in millions of euros)	2019	2018	2017
Premium income (1)	**10,658**	**10,649**	**10,303**
of which France insurance	8,129	7,939	7,548
of which International insurance	2,357	2,537	2,605
of which financial and banking businesses	172	173	150
Non-life combined ratio (2)	**98.5 %**	**100.1 %**	**100.3 %**
Economic operating income (3)	**234**	**182**	**196**
Net income, Group share	**104**	**319**	**87**
Financial structure and soundness			
Group's equity, Group share	6,076	5,274	5,257
TOTAL BALANCE SHEET	**93,571**	**88,506**	**90,645**

(1) Insurance premiums written and income from financial businesses.

(2) See glossary in this Universal Registration Document (page 325).

(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)	2019	2018	2017
Premium income [1]	**14,382**	**14,262**	**13,818**
of which France insurance	11,857	11,556	11,066
of which International insurance	2,357	2,537	2,605
of which financial and banking businesses	168	169	147
Non-life combined ratio [2]	**97.0%**	**99.3%**	**98.9%**
Economic operating income [3]	**413**	**298**	**349**
Net income, Group share	**345**	**450**	**292**
Financial structure and soundness			
Shareholders' equity, Group share	10,238	8,884	8,912
Total balance sheet	102,861	96,833	98,957
Debt ratio[4]	27.2%	28.4%	25.9%
Solvency 2 margin[5]	**302%**	**297%**	**315%**
IFS Rating			
Fitch Ratings	A	A-	A-

(1) Insurance premiums written and income from financial businesses.

(2) See glossary in this registration document (page 325).

(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 group's 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) Solvency 2 margin coverage, with transitional measure on Groupama Gan Vie's technical reserves.

On 20 June 2019, Fitch Ratings upgraded the insurer financial strength (IFS) ratings of Groupama Assurances Mutuelles and its subsidiaries to "A". The outlook associated with these ratings was maintained at "Positive".

1.3.3 CONSOLIDATED SCOPE/COMBINED SCOPE DATA RECONCILIATION

Premium income

(in millions of euros)	2019	2018
Consolidated premium income	**10,657**	**10,650**
Premium income/revenue – regional mutuals	5,928	5,663
Internal transactions/operations		
Groupama Assurances Mutuelles	(2,193)	(2,046)
Groupama Gan Vie	(8)	0
Groupama Asset Management	(3)	(4)
Combined premium income	**14,381**	**14,263**

Net income

(in millions of euros)	2019	2018
Consolidated net income	**104**	**319**
Net income – regional mutuals	239	123
Net income – Groupama Assurances Mutuelles	16	(3)
Net income – Property companies	0	11
Net income – Amaline	(14)	0
Combined net income	**345**	**450**

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.

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.

All our efforts will focus on the success of two major strategies that contribute to the fulfilment of our purpose "to allow as many people as possible build their lives confidently".

In a profoundly changing environment, the Group is showing renewed momentum for strong, shared ambitions.

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;
- conversion of players: driven by regulatory developments (Solvency II, IFRS, etc.), consolidation of the sector continues;
- 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. Artificial

intelligence is becoming increasingly present in the insurance world. Along with the rapid growth of connected objects (objects capable of transmitting information and acting either according to received orders or automatically according to the context, and the challenge is to process a large amount of data at a reasonable cost to improve service to policyholders), new risks are appearing: climate, demographic imbalance, data protection, health, etc. Insurers must prepare for this by identifying their impacts and estimating their potential cost in order to better manage their exposures and identify potential new offerings as business development opportunities;

- a transformation of customers: an ageing population, with significant wealth inequalities and pressures on purchasing power, the rise of entrepreneurship with more micro-entrepreneurs, but without strengthening SMEs and mid-caps, and a shrinking agricultural population, and communities that are grouping together but where the role of the mayor as a local elected representative seeks to be reaffirmed.

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. Offering dialogue and analysis tools to accelerate and strengthen the deployment of personalised monitoring, rolling out a platform for creating relationship-based content for better customer contact, and relying on mutual insurance to create a singular, differentiating relationship are all priorities to achieve our ambition of being among the favourite insurers of customers in France and gaining 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. This includes increasing brand awareness by bolstering the effectiveness of our actions, increasing the level of attractiveness, quality, and satisfaction at all stages of experience with the brand, mobilising 70,000 employees and elected representatives to reinforce the effectiveness and expansion of actions, having brand financial value, and developing our measurement, monitoring, and management processes to enhance the value of our brand.

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. To do this, we need an equipped, trained network motivated to sell insurance + services packages, an offering incorporating services, and appropriate organisation and resources;
- 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, implementing modern technologies to create value, speeding up market introductions and deployments, constructing the Group's future information system, and improving our collective functioning to benefit project efficiency and harmonisation of processes and configurations.

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;
- the programme aimed at improving the management of community projects has been implemented;
- a programme for young graduates has been implemented;
- 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

To carry out its strategic programme, improve its performance, and therefore meet the expectations of its customers, Groupama invests in people. The principles of the implemented human resources policy are shaped by the Group's purpose, based on social responsibility and made possible by the engagement of its 28,706 employees.

As of 31 December 2019, Groupama Assurances Mutuelles and its subsidiaries had 13,056 employees (8,702 in France/overseas departments and territories and 4,354 internationally).

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 the company-level HR Department. Each company in the Groupama Assurances Mutuelles 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 for the Group.

In 2019, the consolidated companies hired 1,317 employees under permanent contracts (excluding 7 transfers and 94 secondments), including 890 in France, to strengthen their sales networks and customer relations platforms and to reinvigorate their management and expert teams as well as the auditing, internal control, and steering functions: 15.6% of new employees are under 26 years of age, 6.9% are 50 and over, and 16.9% 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.

With this in mind, the Group's new employer brand has been deployed for two years, becoming one of the pillars of the Groupama brand's global communication. It is in line with a desire for consistency between all communication actions to support the Group's visibility, while effectively serving the recruitment needs of the companies.

For greater impact, the Group's communications now feature its employees, who provide living proof through their personalities and their responses to the needs of our customers: "That's what it means to be a true collaborator". The sourcing system has been enhanced with programmatic marketing campaigns, conducted on social networks and the Web in general, which aim to make us known to active or passive (not yet actively searching) candidates.

In 2019, the Group also organised a recruitment event campaign ("Nos Vraies Rencontres", for work-study candidates in April and experienced candidates in June) for companies in 16 cities, held after work to reach more job candidates. With 754 applications and 7,000 unique visitors to the registration website, this event highlights actions emphasising the regional roots of the Group and its companies to promote their visibility.

The objective of these various actions is to best target the suitability of the position/profile in order to be more efficient in sourcing candidates. Our career website groupama-gan-recrute.com had 1,278,797 hits in 2019 (Web and mobile sites) and received more than 125,671 applications in one year.

This qualitative investment in the Group's attractiveness is also verified in view of the integration work by ensuring the loyalty of employees starting from or even before their arrival.

Like other companies, Groupama Assurances Mutuelles has overhauled its integration process with a one-year course offered to all new employees. The "WelcomeApp", a mobile app for newcomers, creates a link with employees as soon as the contract is signed and offers, before their actual arrival, an interactive introductory course to learn about the values, history, and projects of the Group and Groupama Assurances Mutuelles. It is being rolled out with the Group's other entities. Similarly, the revised orientation session provides newcomers with further information about the Group and their company and creates relationships between the participants.

Mobility (geographical and/or functional) is a driving force behind the performance of the employees and the Group companies and involved more than 1,072 employees in France in 2019. The Mouvy intranet, the internal online recruitment site open to all Group employees in France, recorded 3,973 applications in 2019. 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.

With regard to the end of employment contracts, the consolidated companies had 1,813 departures of permanent employees (excluding 2 transfers and 99 secondments), including 825 in France; these break down as follows: 0.4% voluntary redundancy plans, 37.6% resigned, 19% were laid off, 18.2% retired, 11.3% contractual terminations, 12.5% left during their probation period, and 1.5% died in service. Outside France, 988 employees under permanent contracts left: 69.3% terminated their contract, 18.8% resigned, 7.9% were laid off, 2.8% retired, and 0.7% died in service.

As of the end of 2019, the CERH handled payroll (including withholding taxes), time management, and administrative and reporting management for 17 entities, representing 107,000 payslips produced per year, including 80% paperless payslips issued *via* the electronic safe made available to employees.

The regulatory obligations of the assistance agreement and Syntec have been configured in the CERH's HR information systems to manage the payroll of Mutuaide Assistance, Mutuaide Service, SDGAC, and CapsAuto since January 2019. Work on the tools and the sharing of procedures was performed for SFPJ, which will be managed by the CERH's teams in January 2020. Amaline is expected to be integrated into the CERH's tools in 2021.

In 2019, 77,000 documents were filed through Electronic Document Management (EDM) by all the HR functions. There were 6,300 electronic signatures, 60% of which were amendments regarding teleworking. The HR functions use document digitisation tools on a daily basis. Personnel files were digitised in 2019 for the subsidiary Groupama Immobilier.

The Link 2020 project "payroll tool change", which began in 2018 for seven mutuals, will be placed in production in April 2020. Led by the CERH, Link 2020 will bring together the nine mutuals in metropolitan France and Groupama Océan Indien with the objective of optimising IT costs, harmonising payroll rules, and sharing business procedures.

Through its research department, the CERH produced the first economic and social database (BDES), which replaces the previous reports (labour assessment, etc.) and the gender equality index report.

In 2019, the Group's companies in France invested more than 852,000 hours of training (all modes combined) for all employees, representing around 34 hours of training per employee. The investment represents more than €34 million for its combined scope. In qualitative terms, regulatory training (GDPR, Anti-Corruption, Cyber-Security) represents a significant share of the training provided at the Group level. In addition, national programmes were launched in 2019 to support Group projects, some of which are already operational (ISI programme for multi-risk home claims management deployed in Q4 2019). Other programmes will be implemented in 2020, such as the community pathways for Pros sales advisors, the Project Experts Programme (PEP) for project Managers, Health Managers as part of the Nougats Programme, and the IT migration of all employees to the digital collaborative space (ECD).

In addition, the implementation of the Articulate Storyline during the first half of 2019 within the Group's companies provides a tool to produce standardised e-learning consistent with market standards and promoting collaboration among all of the Group's designers.

For all of the Group's 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.

The Group has also reinforced its cyber-risk protection mechanisms by rolling out training (e-learning) on cyber-security and preventive measures to all its employees. Similarly, with regard to the prevention of risks of bribery and influence peddling, the Group is committed to raising awareness among all its employees.

As 2019 was the year of review of the Group agreement on professional training (entered into on 21 June 2016), a negotiation on strategic workforce planning and training began at the end of the year and will continue in 2020.

To give meaning and to strengthen the appropriation of the Group's strategic policies and employee participation in their operation implementation, 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. These highlights support a common management culture, both by promoting the initiatives and results achieved in the companies and by experimenting with new ways of working and managing to serve employee engagement and recognition.

In addition, 11 future Directors of the Group participated in the Directors Leadership Programme to prepare them to hold strategic positions, and 56 senior executives completed Training for Directors to develop their individual and cross-functional leadership to help them act confidently in complex and changing situations.

In order to identify and build the loyalty of the talent necessary for the Group and its companies, the "Groupama Talents" application is offered to all categories of employees across all entities, each conducting their employee review.

Following on from this, the day-long event on 19 March 2019 drew 180 members of nine COMOPs around five strategic pillars to share the respective contributions of the operational committee to the success of these future challenges for the Group. Marketplace, base-camp activities, COMOP team building, and talks at plenary sessions provided the opportunity to exchange ideas all around. A new prospective day will bring together 1,000 Directors in March 2020.

Similarly, HR Day in mid-May brought 250 HR Managers from all the companies together for a peek ahead at 2030. This was a unique occasion, between Artificial, Emotional and Collective Intelligence, to discover key trends, imagine what might lie ahead in terms of work, and start to think about possible transformations. Speeches, round table, TEDx conferences, Design Fiction workshop. The HR teams were mobilised around the "preferable" future that we want to build for Groupama and its employees.

This forward-looking work is guided by a priority highly consistent with the HR policy rolled out in 2019: working well together and ensuring a work/life balance. Groupama offers its employees environments and working methods promoting agility, better knowledge of each other, cross-functionality, and collaboration.

Groupama Campus occupies a special place in the search for innovation for team performance. It aims to bring together more than 3,500 employees from 10 Group companies at the same site in Nanterre in early 2021.

In 2019, the Group's companies also helped to ensure a good work/life balance through the continued deployment of teleworking.

The effectiveness of teleworking and new managerial practices resulting from remote work, digitisation, project modes, and agile methods rely on trust between the Manager and the employee.

In addition, the initiative continued to grow to benefit employees, representing two thirds of the regional mutuals (6 out of 9), eight subsidiaries, and the entire UES in 2019. For Groupama Assurances Mutuelles, the progress has been significant: while 400 employees took advantage of teleworking as of the end of 2017, there were 763 as of 31 December 2019, or 66% of the workforce, confirming the success of this initiative in keeping with the results of the 2018 Group Opinion Survey, which overwhelmingly supported teleworking with respect to working conditions.

The companies also adapted to the social movement context of December 2019 by relaxing the rules on teleworking.

With respect to the collective wages policy, profit-sharing measures are in place in all Group companies in France. In this regard, more than €19,723,064 (9,305 beneficiaries) and €4,266,321 (1,455 beneficiaries) respectively was paid out in profit-sharing schemes during 2019.

The wage policy implemented in 2019 thus made it possible to maintain a good level of wage competitiveness relative to the market, taking into account the wage measures paid (representing a total of 1.51% of payroll at the end of July) and the budget allowance for employee savings (profit-sharing, matching for the company savings scheme (PEE) and pension scheme (PERCO)).

As part of the emergency economic and social measures and in addition to the measures presented above, most of the Group's entities granted a "Macron bonus". This measure represented a cost of approximately 0.46% of the Group's payroll.

In addition, in keeping with a responsible employer approach and in response to the outlook for pension plans, Groupama increased the employer contribution to the "1.24%" supplementary pension plan by 0.10 points, bringing it to 1.34% starting in January 2019. This option was also adopted for the Gan entities, increasing the contribution to the branch plan from 1% to 1.10%.

Lastly, the PACTE Act (action plan for corporate growth and transformation) gave the Group the opportunity to market the three retirement products in the last quarter of 2019: individual PER (PERIN), mandatory PER (PERO), and collective PER (PERCOL).

With regard to the savings/pensions of Group employees, a unilateral measure was taken in December 2019 to amend the PERCO-I regulation, permit its conversion into a PERCOL-I, and provide for the following measures in particular:

- the possibility of making voluntary tax-deductible payments by default;
- funding of the PERCOL-I through transfers from other PER schemes or other pension contracts (PERP, Madelin);
- allocation of profit-sharing to the PERCOL-I by default;
- changes in the terms for withdrawing from the PERCOL-I.

The application of these new measures enabled this conversion of the PERCO-I into a PERCOL-I to enter into force at the beginning of 2020.

In France, the consolidated companies are principally regulated by the Collective Insurance Companies Agreement (covering 87% 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). The Group agreement on industrial dialogue was revised in March 2019 to take into account the Macron orders of September 2017 and the gradual establishment of Social and Economic Committees in the Group's companies.

The establishment of the Social and Economic Committee (SEC) in the Group's companies was completed in December 2019.

To support this process, which affected some 30 companies, the Group also set up an agreement starting in 2018 regarding the career paths of employees who serve as staff and/or trade union representatives.

With regard to professional gender equality, 2019 was marked by the establishment of the equal pay index (resulting from the law for the freedom to choose one's professional future of 5 September 2018).

Companies with more than 1,000 employees, including many Groupama group entities, have published this index. They obtained around 80 points out of 100, with up to 90 points out of 100 for some of them, and thus confirmed a positive initial assessment.

This result demonstrates the Groupama group's proactive action for many years in ensuring equal pay for women and men, particularly in the context of collective agreements and the "Mentoring for women" initiative, which has created a real dynamic for potential employees in connection with the work on talent management and the inclusion of women in senior management.

In France in 2019, on the consolidated scope, the Group achieved its objectives of 48.9% women in managerial positions (compared with 47.4% at the end of 2018) and 25% women in executive positions (compared with 24.8% at the end of 2018), since 60% of transitions to the executive category involved women.

Groupama joined the “Collective of French Companies in favour of a more Inclusive Economy” in 2019, marking in particular its commitments in terms of continued training of employees and inclusion of young people through apprenticeship.

With regard to apprenticeship, our actions are strongly consistent with our commitments, since the rate of conversion of work/study training contracts in France on the consolidated scope (879 in 2019) to a fixed-term contract or a permanent contract continued to grow beyond the objectives: 29.6% in 2019 compared with 26% in 2018.

Groupama has also taken major initiatives to promote the employment of people with disabilities. Participation in “diversity” recruitment fairs and the European week dedicated to this issue and the signing of the manifesto for the inclusion of people with disabilities in economic life were highlights of 2019.

Nevertheless, in France, the recruitment of employees with disabilities (50 in 2019 on fixed-term or permanent contracts) slowed down a little, but the increase remained significant over the period (4.2% of the workforce on permanent contracts in 2019 compared with 2.9% six years ago).

Over 10 years, nearly 1,000 employees with disabilities have been recruited (permanent and fixed-term contracts, training contracts, or as temporary workers) [958 employees as of 31.12.2019] by the Group’s French companies in the framework of this long-term commitment. Across the entire Group, there are 1,044 workers with disabilities, representing 3.6% of the total number of permanent contract employees.

At European level, industrial dialogue is conducted within the European Works Council, in which all of the Group’s European subsidiaries (Italy, Greece, Hungary, Bulgaria, Slovakia, and Romania) are represented.

The European Works Council (EWC) continued its discussions about rapid technological developments, their implications on changes in professions or working methods, and their impacts on the quality of life at work. The EWC board can monitor developments each year through its visits to the subsidiaries (Sofia in 2019).

Moreover, in 2019, for the seventh year, the Group HR Department carried out information production projects, in particular social information, in the consolidated companies, relating to the Declaration of Extra-Financial Performance obligations (order and decree of 2017 modifying the application of the Grenelle 2 law), which, after an audit and verification by the statutory auditors, obtained the certification of conformity and integrity of the produced information.

Groupama thus offers all its employees a social and human plan over the long term, consistent with its values and purpose.

1.5.2 GROUP CONSOLIDATED WORKFORCE (FRANCE & INTERNATIONAL)

The consolidated scope includes approximately thirty companies for a total workforce of 13,056 employees as of the end of 2019.

The table below (fiscal years 2019 and 2018) corresponds to Note 47 to the consolidated financial statements for fiscal year 2019, as audited by the statutory auditors.

	2019			2018	2017
Registered workforce	**Insurance**	**Financial businesses**	**Total**	**Total**	**Total**
France	8,402	300	8,702	8,674	8,533
Italy	787		787	791	796
Hungary	1,193		1,193	1,684	1,855
Greece	286		286	284	302
Romania	1,467		1,467	1,527	1,548
Other EU	227		227	200	194
Outside EU	394		394	431	490
TOTAL	**12,756**	**300**	**13,056**	**13,591**	**13,718**

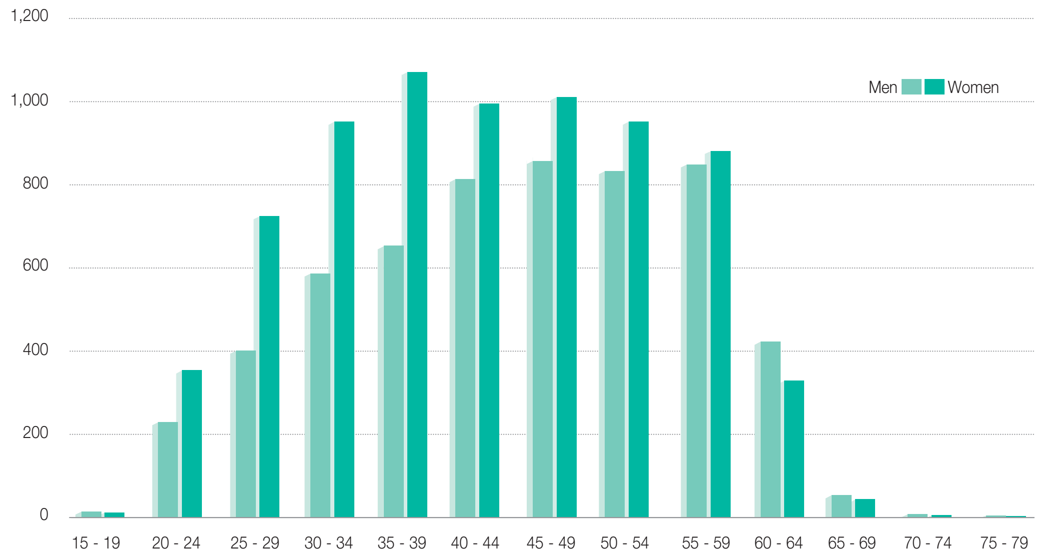
The workforce is decreasing internationally (mainly in Hungary), while it is increasing slightly in France.

Registered workforce	**2019**	**2018**	**2017**
Groupama Assurances Mutuelles	1,277	1,232	1,245
Registered offices and after-sales services of subsidiaries with a customer/network relationship(1)	1,647	1,088	1,455
Sales forces of subsidiaries with customer/network relationship(1)	992	1,638	1,180
France insurance/bank and services subsidiaries(2)	2,956	2,902	2,804
Financial and real estate subsidiaries(3)	405	395	390
Support companies (Groupama Supports & Services)	1,425	1,419	1,459
Subtotal France	**8,702**	**8,674**	**8,533**
International	**4,354**	**4,917**	**5,185**
TOTAL	**13,056**	**13,591**	**13,718**

(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
44%	56%	93.1%	6.9%/2.9%	56.5%	43.5%

The age pyramid is distributed as follows:



1.5.3 COMMITMENTS TO PERSONNEL

1.5.3.1 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.

1.5.3.2 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.

THE GROUP'S BUSINESSES

2

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 2019, Groupama benefits from dense, complementary distribution networks over the entire French territory: 4,900 sales representatives employed by Groupama's regional mutuals, 880 multi-line 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 2019, Groupama Assurances Mutuelles reported total consolidated premium income of €10,657 million, including €10,486 million in insurance premiums and €172 million from asset management and other financial businesses.

Approximately 75% of the Groupama Assurances Mutuelles insurance business is carried out in France, amounting to €8.1 billion as of 31 December 2019.

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

(in millions of euros)	31.12.2019	31.12.2018	31.12.2017	Variation 2019/2018(1)
Property and casualty insurance - France	3,466	3,391	3,349	+2.2%
Life and health insurance – France	4,663	4,548	4,199	+2.5%
Subtotal France	**8,129**	**7,939**	**7,548**	**+2.4%**
Property and casualty insurance - International	1,623	1,768	1,765	-3.2%
Life and health insurance – International	734	770	840	-0.4%
Subtotal International	**2,357**	**2,538**	**2,605**	**-2.3%**
Financial businesses	172	173	150	-0.8%
TOTAL CONSOLIDATED SCOPE	**10,657**	**10,650**	**10,303**	**+1.3%**

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

Details of the premium income by business segment are presented in "Note 35 – Analysis of insurance premium income by major categories" in section 7 – Financial Statements of this Universal 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)	31.12.2019	31.12.2018	31.12.2017
Groupama Assurances Mutuelles	2,333	2,190	2,154
Groupama Gan Vie	4,012	3,919	3,595
Gan Assurances	1,410	1,421	1,422
Amaline Assurances(1)		74	69
Other specialist Group companies(2)	374	335	308
Subtotal France insurance	**8,129**	**7,939**	**7,548**
Financial businesses	172	173	150

(1) *In 2019, transfer of the Amaline Assurances portfolio to the Groupama regional mutuals following Amaguiz's conversion into a broker.*

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

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 2019, 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 880 multi-line 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 sales advisors.

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

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, car distribution networks, or farming cooperatives.

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 2019, Groupama AVIC Insurance is present in 10 provinces in the People's Republic of China.

2.2 INSURANCE IN FRANCE

2.2.1 ECONOMIC ENVIRONMENT AND MARKET TRENDS

In 2019, French insurance premium income increased to €227 billion. This general market trend reflects the 3.5% increase in activity in property and casualty insurance and life and health insurance (+3.7%), which represented nearly 75% of premium income in 2019 (source: FFA – 31 January 2020).

Life and health insurance premium income totalled €169 billion. In life insurance, contributions increased by +4% to €145 billion as of the end of 2019. The share of unit-linked (UL) products in contributions represents 27%. Net life insurance inflows (deposits greater than withdrawals) totalled €25.9 billion, with net inflows of €19.8 billion for unit-linked products. Life insurance assets continued to grow, amounting to €1,788 billion in 2019. In health insurance, premium income grew 4.6% to €24.8 billion, with growth in healthcare (+4.5%) and protection insurance (+4.7%).

Premium income in property and casualty insurance increased 3.5% to €58 billion. This is the largest increase in the last eight years. This growth concerns both professional insurance (+3.7%) and individual insurance (+3.4%). The automotive and multi-risk home insurance segments grew by 3.2%. The loss experience performed favourably trend for most of the year, but worsened considerably at the end of the year. It ultimately further increased in 2019 (+1%), mainly due to an increase in average costs and natural events at the end of the year.

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 €8.1 billion in insurance premium income in France during 2019. The table below shows the change in Groupama's ranking in France, eighth-largest French multi-line insurer in 2019:

French ranking[1]	2019	2018
Insurance	8	9
P&C	3	3
L&H	12	13

(1) Source: L'Argus de l'Assurance, December 2019.

2.2.3 PROPERTY AND CASUALTY INSURANCE

Groupama Assurances Mutuelles generated €3.5 billion in premium income in property and casualty insurance in France (43% of premium income generated in France) as of 31 December 2019.

2.2.3.1 Motor insurance and Mobilities

Groupama ranks number 4 on the French motor insurance market (source: *L'Argus de l'Assurance*, October 2019) and insures more than 3,800,000 passenger vehicles[1] (excluding fleets) as of the end of 2019.

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.

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

Changes in car use (car-sharing, carpooling, lease-purchase plans/long-term rentals) and increasing and complementary use of other modes of transport (bicycles, electric scooters, public transport) are areas where Groupama has established a position to offer its customers solutions in line with their needs and changes in the mobility sector.

2.2.3.2 Multi-risk home insurance

Ranked number 2 on this market in France (source: *L'Argus de l'Assurance*, May 2019), the Group insures 3.5 million homes[(1)] as of 31 December 2019.

Groupama offers a rich, comprehensive range of solutions with competitive rates to a very broad target. This range of solutions includes cover and services to respond to changes in society, such as insurance for mobile devices, the principle of compensation by direct agreement, and remote surveillance of property.

2.2.3.3 Services

(a) Assistance, remote surveillance, remote alarms

Offered by Mutuaide, which has operations in all assistance businesses (car breakdown assistance, medical repatriation, travel insurance, home care), this business places the Group in 6th position on this market in France (source: *L'Argus de l'Assurance*, April 2019).

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 15,000 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.

(c) Credit Insurance and Surety

Groupama is the only multi-line insurer to offer credit insurance and surety solutions through its subsidiary Groupama Assurance-Credit & Caution. Its premium income amounted to €45 million as of 31 December 2019. The products are marketed by the regional mutuals, Gan Assurances agents, and a network of multi-line or specialist brokers.

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 still lack sufficient protection against the consequences of weather events. The Group, armed with its OPA status and within the French agriculture council (CAF), has chosen to adopt a pedagogical attitude towards farmers. Groupama's "CLIMATS" multi-risk weather insurance for crops is one of the main tools for financially securing a farm in the event of weather events impacting crops. The Group is also deploying its "Objectif stabilité" policy (revenue insurance), responding to the context of market deregulation and rising volatility in commodity prices.

In 2019, Groupama wanted to become even more involved in the search for non-insurance responses to the needs of its members. First of all, through a partnership with complementary players in the agricultural world, NatUp and Bioline by InVivo, Groupama launched Protélis: a tool promoting the economic resilience of French agriculture. Protélis responds to the need to even out farming income in the face of the uncertainties of the agriculture market by implementing a simple principle: set aside income in good years to build up savings for difficult years.

Groupama has also partnered with MiiMOSA, the first crowdfunding platform dedicated to agriculture and food, to offer a supplementary financing solution to its agricultural members.

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 can also be seen in its technical support for business diversification, such as methanisation and development of direct distribution.

Following on from its prevention actions and affirming its role as a leader and pioneer of the agricultural world, Groupama launched Gari in February 2019: innovative services in a single application to allow farmers to look after their farm. Among the services available in this single application are connected fodder probes and smart video surveillance cameras. Other services are intended to be integrated into Gari in the coming months.

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

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, planned for 2019, 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 continued its steps to deploy this service for its other categories of customers as well (farming, individuals, professionals, etc.).

The Group also deployed a new application "Mon Kit Elus", which provides all elected representatives of local authorities with a single space for useful numbers and information needed for the various activities that they carry out on a daily basis.

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 mid-caps. 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 also 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 €4.7 billion in life and health insurance (57% of premium income generated in France) as of 31 December 2019.

2.2.4.1 Individual health

Groupama is the leading player in France (excluding IP 45) on the individual health market (source: *L'Argus de l'Assurance*, June 2019).

In 2019, Groupama made a remote consultation service available to all its health insurance policyholders, giving them quick access to a physician to meet their needs, such as a medical prescription with full coverage of their medicines reimbursed by the compulsory scheme, a prescription renewal, or being reassured and/or referred to the appropriate healthcare professional.

Eager to promote the expression inter-generational solidarity, the Group has also developed a new support service: Relaimoi. With Relaimoi, 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 of supporting the most vulnerable patients in the healthcare system by being listed in the Solidarity Health Contract (CSS) scheme.

2.2.4.2 Individual savings/pensions

As of 31 December 2019, Groupama Assurances Mutuelles generated €1.8 billion in premium income in individual savings/pensions, with a share of individual unit-linked products (UL) of 37.5%, outperforming the market.

The Group successfully launched delegated management on life insurance policies, with more than €500 million already collected, and PERin (Groupama Gan Nouvelle Vie), with 8,174 policies taken out since October 2019.

Lastly, the new subscription tools, intended to digitise the selling process, were rolled out with the Group's distribution networks.

2.2.4.3 Protection insurance

As a leading player in a highly competitive market, Groupama is continuing its development in death, funeral, long-term care, and everyday accident insurance.

In 2019, Groupama allowed its customers to take out protection insurance through digital processes, including responses to a secure digital health questionnaire and electronic signatures on policy documents. In addition, in their customer area, policyholders can find a guide explaining the covers and summarising the processes and contacts if there are changes in their personal or professional life and in the event of a claim.

2.2.4.4 Group insurance

The Group generated €2.05 billion in group insurance premium income as of the end of 2019. The fiscal year was characterised by continued commercial development in group health, protection, and retirement insurance.

The year was marked by the necessary restructuring of group health, following the announcement of the 100% healthcare reform, which aims to provide access to a range of essential optical, dental, and hearing care without co-payments as well as group retirement following the PACTE law, which increases the attractiveness of the savings/pensions and employee savings solutions.

Already convinced in advance of the strategic nature of pensions in the coming years, and determined to make this a value-producing business line within the company, the Group has deployed a comprehensive retirement initiative. In group insurance, this deployment resulted in a comprehensive "pact-based" offering, a network training initiative through Académie ERE (company retirement savings), digital services (individualised needs assessment, pension assessment and simulation) in partnership with start-ups, and an ERE website providing information for the general public.

The service, backed by the Group health and protection services, continues to make a difference, highly sought by customer companies to promote prevention and employee well-being. After the systematic integration of remote medicine and personalised second medical opinions for customers, an in-house optical service is offered to employees under new personalised policies: a prevention day, including free eyeglasses, is offered.

Measures for the ongoing improvement of customer experience continue. During the year, the processes for purchasing pension solutions as well as self-employee professional health and individual protection offerings were completely digitised. On top of that, all sales and management acts were simplified for the contributor, and the customer advisory service was professionalised.

The quality of the Group's support for its partners and customers has been rewarded. It obtained the ISO 9001 certification for the quality of its UL policy management (life of the policy, contribution, benefits). For the third 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 fourth 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 solutions are offered to companies regardless of their size and business sector and are mainly distributed by the regional mutuals, Gan Assurances, Gan Eurocourtage, and Gan Prévoyance. In 2019, more than 1,300 new companies signed up. This makes the Groupama group one of the market's most dynamic players with more than 15,000 companies in its portfolio and 133,000 accounts for savers.

For the 10^{th} 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. During this year, Groupama Épargne Salariale expanded its range of funds with the Groupama Expertise range, which offers seven new topical funds including, among others, guaranteed-capital funds, funds focused on innovative companies, and eco-responsible funds.

2019 was marked by the launch of the PERCOL, which replaces the PERCO following the PACTE law. Groupama Épargne Salariale was one of the market's first players to update its offering, which could be purchased online on iGES as soon as it was released. This tool was launched in July, allowing customers to purchase all Groupama Épargne Salariale offerings electronically. New business increased by more than 20% in 2019.

During this year, Groupama Gan Vie and Groupama Épargne Salariale collaborated closely to launch a set of tools available for networks and customers: a new general-public website ere.groupama.fr, the Corporate Savings and Pensions Portal, a video saga with the character Esth'ERE, and newsletters. The goal is to enhance the Group's expertise in corporate savings and pensions and to make it a leader in this area.

2.3 INTERNATIONAL INSURANCE

Groupama Assurances Mutuelles generated €2.3 billion in insurance premium income internationally during 2019. Written premiums reached €1.6 billion (70% of the total) in property and casualty insurance and €0.7 billion (30% of the total) 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:

	2019		2018	
Ranking	**Non-life**	**Life**	**Non-life**	**Life**
Italy[(1)]	8	26	9	24
Turkey[(2)]	18	19	12	14
Hungary[(3)]	4	3	4	3
Romania[(4)]	5	10	4	10
Greece[(5)]	10	11	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)*	**31.12.2019**	**31.12.2018**	**31.12.2017**	**Change 2019/2018[(2)]**
International insurance	**2,357**	**2,537**	**2,605**	**-2.3%**
Italy	1,334	1,481	1,506	-9.9%
Turkey	188	265	337	+24.5%
Greece	151	139	132	+8.7%
CEEC[(1)]	618	589	567	+7%
Other countries	65	64	63	+1.9%

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

2.3.1 ITALY

The Italian market was down 0.8% in life insurance and up 3.6% in non-life insurance as of the end of September 2019.

Groupama Assicurazioni generated €1,334 million in premium income as of 31 December 2019, principally *via* a network of multi-line 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 €916 million as of 31 December 2019, including nearly 70% from motor insurance. In life and health insurance, premium income reached €417 million as of 31 December 2019.

2.3.2 TURKEY

The development of insurance on the Turkish market remains steady with an increase of +20.5% in non-life insurance and +47.1% in life insurance as of the end of October 2019.

Groupama Sigorta and Groupama Emeklilik generated premium income of €188 million as of 31 December 2019 *via* a highly diversified distribution network of agents, partnerships, brokers, and banking partners throughout the territory. As of 31 December 2019, property and casualty insurance represented €150 million in premium income, and life and health insurance represented €38 million.

2.3.3 GREECE

The Greek market recovered with growth of -0.7% in non-life insurance and an increase of +17% in life insurance as of the end of September 2019.

The €151 million in premium income as of 31 December 2019 was generated mainly by brokers and exclusive branches.

Property and casualty insurance premium income was €90 million and represented 60% of the business. In life and health insurance, Groupama Asfalistiki generated premium income of €61 million.

2.3.4 CENTRAL AND EASTERN EUROPEAN COUNTRIES (CEEC)

Groupama's premium income for countries in Central and Eastern Europe amounted to €618 million as of 31 December 2019. The Group holds leading positions in Hungary and Romania.

2.3.4.1 Hungary

The Hungarian market was up +17.1% in non-life insurance and +3.8% in life insurance at the end of September 2019.

Groupama Biztosito generated premium income of €370 million as of 31 December 2019 *via* a highly diversified distribution network of branches, banking partnerships, brokers, and online subscription sites. As of 31 December 2019, life and health insurance represented €181 million, and property and casualty insurance represented €188 million.

2.3.4.2 Romania

The Romanian market was up +4.8% in life insurance and +8.8% in non-life insurance at the end of September 2019.

Groupama Asigurari generated premium income of €229 million as of 31 December 2019, 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 €212 million.

2.3.4.3 Bulgaria

At the end of 2019, premium income from the Bulgarian subsidiaries Groupama Zastrahovane and Groupama Jivotozastrahovane amounted to €19 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 €65 million as of 31 December 2019, including €56 million from property and casualty insurance.

2.3.6 CHINA

In China, the Groupama AVIC joint venture continued to develop during 2019 and is now ranked number 2 among foreign non-life insurers on the Chinese market, with premium income of €287 million[(1)] as of 31 December 2019.

(1) Entity accounted for under the equity method in the consolidated financial statements 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 number 9 among French asset management companies (AFG ranking – December 2018). Groupama Asset Management posted income of €163 million as of 31 December 2019. Assets under management amounted to €105.3 billion, including 22% 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 2019. For the 34th Corbeilles "Mieux Vivre Votre Argent", Groupama Asset Management received the "Gold trophy for best management company over 1 year". In particular, equity and convertible bond management received 11 awards this year, reflecting an expertise in the Small and Mid-Cap, Euro/Europe segments as well as international equities.

In 2019, in line with the Group's policy and values, Groupama Asset Management emphasised the deployment of the integration of ESG (environmental, social, and governance) criteria into all of its financial analyses and investment vehicles. New funds were launched to provide a solution for customers who want to make sustainable investments (G Fund Future for Generations and G Fund Green Bonds). In addition, three funds were awarded the ISR label at the end of 2019. This label process will be undertaken more broadly on the offering of funds.

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.

In particular, Groupama Immobilier manages property assets held by Groupama Assurances Mutuelles and its French subsidiaries, representing a total value of €4 billion as of 31 December 2019. These assets include commercial property (68%), residential property (20%), mainly in Paris and its immediate suburbs, operational property (8%), and forests (4%).

Groupama Immobilier has ISO 9001 certification (2015 version) and ISO 14001 (2015 version) for investment, management, and valuation of property assets: acquisitions, major projects, marketing, property and technical management, and sales.

In 2019, the portfolio management company Groupama Gan REIM, a subsidiary of Groupama Immobilier (60%) and Groupama Gan Vie (40%), continued its development by creating a new property investment vehicle dedicated to logistics assets: Groupama Gan Logistics.

CORPORATE GOVERNANCE AND INTERNAL CONTROL

3

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 12 March 2020, 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 2 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

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 2019, its membership was modified following the co-optation of Walter Guintard on 28 May 2019 to replace Michel Baylet. The ratification of his appointment occurred during the General Meeting on 14 June 2019.

As of 31 December 2019, the membership of the Board of Directors was as follows:

Chairman:

- Jean-Yves Dagès

Vice-Chairman:

- Jean-Louis Pivard

Directors:

Representing the member mutuals:

- Daniel Collay
- Jean-Pierre Constant
- Marie-Ange Dubost
- Walter Guintard (1)
- 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

Representing the Social and Economic Committee:

- Catherine Guibert

Secretary of the Board:

- Cécile Daubignard

The average age of the Directors is 57.

The General Meeting of Groupama Assurances Mutuelles did not use the authority provided for in Article 21 of the bylaws to appoint non-voting Directors.

(1) *During the meeting of 28 May 2019, the Board of Directors appointed Walter Guintard to replace Michel Baylet. His appointment was ratified by the General Meeting of 14 June 2019.*

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

BUSINESS ADDRESS
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
- Honorary Chairman of Groupama Forêts Assurances – Misso (since 19 September 2019)
- Vice-Chairman of Groupama Forêts Assurances – Misso (from 18 December 2012 to 24 May 2019)
- Chairman of Misso (from 25 June 2001 to 18 December 2012)

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 2015 and 2019 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

BUSINESS ADDRESS
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

Professional experience/Management expertise

- Chairman of Groupama Rhône-Alpes Auvergne

Current offices held

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 04 October 2016

Offices held from 2015 to 2019 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)

Isabelle Bordry

Date of birth: 9 January 1970

BUSINESS ADDRESS
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 2015 to 2019 no longer held by Ms Bordry

None

* *Listed company.*

Daniel Collay

Date of birth: 17 January 1961

BUSINESS ADDRESS

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

Current offices held

Served within the Group in France

Amaline Assurances	Chairman of the Board of Directors	Since 29 October 2014
Groupama 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 2015 to 2019 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

BUSINESS ADDRESS
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

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 2015 to 2019 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

BUSINESS ADDRESS
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, member of the Financial Services Division
  - 1999 to 2010: Mission Director at the Rome and Paris offices
- 1998 to 1999: San Paolo Imi, Banco Di Napoli in Italy
- 1997 to 1998: Telecom Italia Finance – Department of financial markets in Luxembourg

Current offices held

None

Offices held from 2015 to 2019 no longer held by Ms Di Marzo

None

Marie-Ange Dubost

Date of birth: 6 August 1955

BUSINESS ADDRESS
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

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 2015 to 2019 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	• 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 roles outside the Company

- Director of companies

Professional experience/Management expertise

- Since 2011: Director of companies and investor in technology companies (Calyos in Belgium)
- 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	
Vinci*	Director	

Served outside the Group abroad

Wieneberger AG* (Austria)	Vice-Chairman of the Supervisory Board	Since 10 October 2019
	Member of the Supervisory Board	Since 22 May 2015
Elkem ASA* (Norway)	Director	Since 22 March 2018

Terms held from 2015 to 2019 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)

Served outside the Group abroad

Calyos (Belgium)	Director (end of term 11 June 2019)
FLSmidth* (Denmark)	Director (end of term 27 March 2019)

* *Listed company.*

Walter Guintard
Date of birth: 2 March 1972

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

Main role in the Company

Walter Guintard has been a Director since 28 May 2019. This term will expire following the Annual General Meeting in 2021.

Since 28 May 2019, 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

- Building tradesman – Business Head

Professional experience/Management expertise

- Chairman of Groupama Centre-Atlantique

Current offices held

Served within the Group in France

Centaure Centre-Atlantique	• Director	Since 1 December 2016
Gan Prévoyance	• Chairman of the Board of Directors	Since 10 May 2019
Groupama Holding Filiales et Participations	• Director	Since 22 May 2019
SCA du Château d'Agassac	• Chairman of the Management Board	Since 25 June 2019

Served outside the Group in France

SCI des Grands Champs	• Manager	Since 6 April 2007

Offices held from 2015 to 2019 no longer held by Mr Guintard

Served within the Group in France

Gan Patrimoine	• Director (end of term 27 May 2019)

Served within the Group abroad

Groupama Biztosito	• Member of the Supervisory Board (end of term 27 May 2019)

Michel L'Hostis
Date of birth: 25 September 1955

BUSINESS ADDRESS
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

Current offices held

Served within the Group in France

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

Offices held from 2015 to 2019 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

BUSINESS ADDRESS
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

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	Co-Manager	Since 17 August 2012
EARL Poupart	Manager	Since 1994
SCEA Poupart Regnaut	Manager	Since 21 July 2005

Offices held from 2015 to 2019 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

BUSINESS ADDRESS

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 Advisor 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
Foncia Pierre Gestion	Chairman of the Board of Directors	Since 27 December 2019
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 2015 to 2019 no longer held by Mr Rostain

Served outside the Group in France

AnimSur SAS	Chairman (end of term 29 November 2018)
Chiarezza SAS	Chairman (end of term 26 December 2018)
Finanzen France SAS	Chairman (end of term 31 March 2015)
HSBC Assurances Vie	Director (end of term 18 May 2015)

François Schmitt

Date of birth: 6 March 1963

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

Main 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

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 2015 to 2019 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

BUSINESS ADDRESS
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 2015 to 2019 no longer held by Mr Chaudon

None

Liouba Ryjenkova
Date of birth: 10 August 1957

BUSINESS ADDRESS
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 2015 to 2019 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 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. 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 46 – Related Parties of the consolidated financial statements);
- 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 transactions beyond which the Chief Executive Officer must obtain prior authorisation from the Board of Directors, set by the Board of Directors at its meeting on 23 October 2019, is as follows:

- above €20 million per security and in total consolidated holdings of Groupama Assurances Mutuelles by various companies of the Group, excluding dividend reinvestment in securities: acquisition or divestment of entities or company securities giving it at least a blocking minority by any means (purchase, contribution, exchange, etc.) as part of a business partnership operation;
- above €100 million per security and in total consolidated holdings of Groupama Assurances Mutuelles by various companies of the Group, excluding dividend reinvestment in securities and buy/sell transactions: acquisition (including by way of capital increase) of any equities as part of the following transactions:
  - acquisition of unlisted equities, excluding business partnerships,
  - acquisition of listed equities outside the Groupama Asset Management mandate;
- above €50 million per transaction: acquisition, divestment, or exchange of any insurance investment or operating property assets (property and shares or units of property companies);
- above €50 million: any loans, excluding cash operations conducted with companies that have equity ties to Groupama Assurances Mutuelles, either directly or indirectly;
- above €10 million: grant any pledges on corporate property.

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 conversion into a mutual insurance company, Groupama Assurances Mutuelles continues to refer to the AFEP-MEDEF corporate governance code, revised in January 2020. Its conversion reinforces the relevance of the non-implementation 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 is not 4 years but 6; given the current situation, Groupama Assurances Mutuelles 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 30.8% female Directors as of 31 December 2019, 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 Article R. 322-120-3 of the French Insurance Code, applicable to the Groupama central body, which provides that its Board of Directors must have a number of Independent Directors of at least one quarter of the total number of its Directors, *i.e.* at least four Independent Directors;

- 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 2019

The Board of Directors met 12 times during fiscal year 2019, including the Board of Directors seminar held in November.

The attendance rate of the members of the Board of Directors was 95% (compared with 97.7% in 2018), a continued high rate of Director mobilisation. The Group General Secretary carried out the duties of Secretary of the Board.

In 2019, the Board deliberated mainly on the following issues:

- the individual, consolidated, and combined annual financial statements and the consolidated and combined interim financial statements 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;
- proposed partnerships, acquisitions of companies, or changes in existing partnerships;
- prospects for renewal external reinsurance protection;
- the provisional audit plan for 2020;
- development of written policies;
- issue of subordinated instruments;
- financial or property transactions;
- governance, with:
  - the outside assessment of the operation of the Board of Directors,
  - the compensation of Managers and corporate officers;
- the financing of major programmes for 2019 and 2020;
- the disclosures 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 2019, the 2020 budget, and the forecasts for 2021 to 2022;
- the half-year review of the balance sheet and the guidelines for the asset management policy;
- with respect to risk management: mainly the Group's major risks and its risk tolerance;
- 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 2019, two training sessions were held for Board members: the first on the economic situation in Italy and the Italian insurance market and the second on the rules on reserves for non-life insurance.

On the proposal of the Compensation and Appointments Committee, a Board seminar was devoted to the evolution of new agricultural business lines and its challenges in insurance.

The 2019 financial statements were closed on 12 March 2020 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 18 June 2020. The 2019 financial statements were submitted in advance to the Audit and Risk Management Committee, which reviewed them on 04 March 2020.

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.

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

(a) Membership

In 2019, the Audit and Risk Management Committee was made up of 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;
- two 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 2019

In 2019, the Audit and Risk Management Committee met six times: 6 March, 15 April, 23 May, 27 August, 17 October, and 3 December. The participation rate was 96.7%.

In 2019, the Audit and Risk Management Committee focused its work on the following main topics:

Review of the Group's financial position

- over the course of two meetings, the Committee reviewed the asset management policy looking back on 2019 as well as ahead to fiscal year 2020; this enabled it in particular to monitor the implementation of the Group's investment policy in an environment of continued low interest rates;
- it reviewed Groupama's 2019 projected combined results, the 2020 budget, and the Group's operational strategy planning for 2021–2022;
- it also reviewed the "The Link" project;
- it was informed of the proposed issuance of first-demand guarantees by Groupama Assurances Mutuelles.

Legal monitoring of annual and half-year financial statements

- the Audit and Risk Management Committee reviewed the 2018 combined, consolidated, and individual financial statements, the 2019 half-year combined and consolidated financial statements, and the Solvency II results;
- 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 half-year financial statements;
- it gave its opinion on draft press releases relating to the annual and half-year financial statements and was consulted on the draft 2018 registration document without the financial statements, which was filed with the Autorité des Marchés Financiers (AMF) on 25 April 2019 under number D.19-0382;
- a progress report on the Group's preparation for the future IFRS 17 and the IFRS 9 project was presented to the Group.

Monitoring of risks and solvency

- the committee reviewed the Group's major risks as of 31 December 2018 and 30 June 2019;
- it regularly reviewed the execution of the audit plan as well as the implementation of the audit recommendations and the draft 2020 audit plan;
- the committee devoted several 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 2019 ORSA reports sent to the ACPR and the validation of the 2020 ORSA stress tests,
  - the Solvency and Financial Condition Report (SFCR) and the Regular Supervisory Report (RSR) of the entity and the Groupama group,
  - the actuarial function report,
  - the review of the ORSA written policy and the revision of certain written policies submitted to the Board of Directors for approval,
  - the Group's risk tolerance policy;
- the committee was consulted twice about the Group's Preventive Recovery Plan;
- the committee was informed of the results of the audit of Groupama Assicurazioni and, on two occasions, the position of this subsidiary;
- it reviewed the half-year 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 progress of the Group's action plan to fight money laundering and terrorist financing;
- it reviewed the 2019 reinsurance policy as well as the prospects for renewing the external reinsurance programme for 2020 and was consulted on the adjustment of the General Reinsurance Regulations between the Company and the regional mutuals;
- it reviewed the off-balance-sheet commitments of Groupama Assurances Mutuelles;
- it reviewed the progress of the anti-corruption compliance work.

Follow-up of the statutory auditors' responsibilities

- the committee reviewed the budget for statutory auditor's fees with respect to fiscal year 2018;
- the statutory auditors presented to the committee their 2019 strategic audit plan, which describes their responsibilities, the areas of particular attention, and their audit approach in response to the identified risks;
- 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 examined the appropriateness and the conditions for issuing a new subordinated debt and the conditions for redemption of the subordinated redeemable bond issued in 2009;
- it reviewed various investment or asset divestment proposals;
- as is the case every year, 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, property, 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: Marie-Ange Dubost, Chairman of the Groupama Centre Manche regional mutual, Walter Guintard, Chairman of the Groupama Centre-Atlantique regional mutual to replace Michel Baylet, 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 2019

During fiscal year 2019, the Compensation and Appointments Committee meet on four occasions: 7 March, 22 May, 8 October, and 4 December. Each time, the committee presented a report on its activities to the Board of Directors. The attendance rate was 100%.

In 2019, 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 2018 for the Chief Executive Officer and examined the result of the second year of the 2017–2019 multi-year performance plan;
- it reviewed the drafts of the registration document, the 2018 management report of Groupama Assurances Mutuelles relating to the compensation of Directors and corporate officers, and the corporate governance report as well as the 2018 compensation components to be submitted to the delegates for a vote;
- it reviewed the measures regarding compensation for the Chairman and the CEO for fiscal year 2019, made a proposal regarding the quantitative and qualitative objectives for the CEO's variable compensation for fiscal year 2020, and proposed the establishment of a new performance plan for 2020–2022;
- it reviewed the proposed amendment to the defined-contribution pension plan of the Chairman of Groupama Assurances Mutuelles, allowing him to have a capital exit option.

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 2019 and put forward a proposal for subject areas likely to be adopted for 2020.

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 2018;
- it reviewed the draft questionnaire on the assessment of the work of the Board and the committees for fiscal year 2019;
- 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 and Europe in comparable functions.

Miscellaneous

- the committee was informed of the arrangements for talent management in the Group;
- it reviewed the Group's CSR policy;
- it also took note of the aspects of the PACTE act relating to the committee's interests;
- the committee also defined its programme of work for fiscal year 2020.

3.1.2.3 Strategy Committee

(a) Membership

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

- two Directors representing the member mutuals: Daniel Collay, Chairman of the 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.

Isabelle Bordry, an Independent Director, serves as the Chairman of the Strategy Committee.

The Director of Strategy and Partnerships, the General Secretary, who handles the secretarial duties, and the Head of Legal participate 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 2019

During fiscal year 2019, the Strategy Committee met five times, on 9 April, 22 May, 17 October, 3 December, and 11 December, including twice in the presence of the Chairman of the Audit and Risk Management Committee. On each occasion, it presented a report on its activities to the Board of Directors. The attendance rate was 95%.

During these five meetings, the committee:

- reviewed the strategic framework for Operational Strategy Planning;
- heard a presentation on connected farms (GARI project);
- conducted an interim review of the conversion of Amaline Assurances;
- conducted an interim review of the Group's Health, IT, Businesses, and Big Data strategy;
- reviewed two proposed international acquisitions and the conditions of the proposed transfer to La Banque Postale of Groupama's 35% stake in La Banque Postale IARD and the extension of their cooperation in the areas of legal protection and assistance.

Finally, the committee also defined its work programme.

3.1.2.4 Membership of the committees

Since 28 May 2019, 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 ■ Marie-Ange Dubost ■ Walter Guintard ■ 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 the external assessment, performed in 2018, the 2019 assessment was carried out internally on the basis of a questionnaire that was validated by the Compensation and Appointments Committee.

The results of this assessment were discussed in the Compensation and Appointments Committee meeting of 5 March 2020 and in the meeting of the Board of Directors on 12 March 2020.

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 the external assessment, performed at the end of 2018, the 2019 assessment was carried out internally on the basis of a questionnaire that was validated by the Compensation and Appointments Committee. The results of this assessment were then discussed in the Compensation and Appointments Committee meeting of 5 March 2020 and in the meeting of the Board of Directors of 12 March 2020.

In general, all the directors who responded felt that the operations of the Board of Directors in 2019 met their expectations and have has steadily improved in recent years. In particular, the directors indicated that the decision-making method is effective, the discussed topics are in keeping with their expectations and the group's challenges, and the Board's compliance with the rules of corporate governance is good or very good.

The nature and quality of the relations between the Board of Directors and the Executive Management are highlighted, and the directors feel that the Board of Directors is sufficiently to completely independent from the Executive Management.

In addition, certain initiatives implemented by the Executive Management in response to the desired areas of improvement expressed in previous assessments were praised, such as more in-depth examination of certain topics, especially strategy, and more extensive discussions.

Almost all the directors felt that the composition of the Board of Directors and the committees is ideally suited, while stressing the need to continue efforts to include women in the company's bodies and approving the policy adopted by the group in this area.

The Compensation and Appointments Committee found this assessment to be very positive and indicated that attention should be given to following up on decisions taken.

The items requiring attention raised by the directors led to the definition of areas for improvement proposed to the Board of Directors for 2020, particularly aimed at examining certain topics in more depth and defining new training topics.

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

BUSINESS ADDRESS

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

- Chairman of Association des Assureurs Mutualistes (AAM)
- Vice-Chairman of Fédération Française d'Assurance (FFA)

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
Colombus Holding (SAS)	Director	Since 10 December 2009
Compagnie Financière d'Orange Bank	Representative of Groupama Assurances Mutuelles, Director	Since 22 February 2019
Fonds Stratégique de Participations	Vice-Chairman of the Board of Directors	Since 4 October 2016
	Permanent representative of Groupama Assurances Mutuelles, Director	Since 21 September 2015

Offices held from 2015 to 2019 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 14 members as of the end of 2019 and brings together representatives of the major departments of Groupama Assurances Mutuelles to meet with the Chief Executive Officer.

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, risk/control/compliance audit, 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 bodies

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.

A Director who reports having a conflict of interest on a particular matter shall not attend the deliberations of the Board of Directors and/or the committee concerned when this subject is discussed, in accordance with the provisions of the internal bylaws.

3.1.7.3 Lack of service agreements

As of the date of filing of this universal 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. There can be no delegation of authority or powers to issue equity securities.

3.3 COMPENSATION OF DIRECTORS

Since the order of 27 November 2019 and the update of the AFEP-MEDEF code of January 2020, given that Groupama Assurances Mutuelles does not issue equities listed on a regulated market, the disclosure requirements relating to the compensation of its Directors are those provided for in Article R. 322-55-1-I of the French Insurance Code.

These disclosures are supplemented by the disclosures about the compensation of Directors set out in the notes to the consolidated financial statements (Note 39.3 below) and to the annual financial statements (Note 24), in accordance with the accounting standards applicable to the Group.

Calculation of the compensation due to corporate officers is the responsibility of the Board of Directors and is based on the proposals of the Compensation and Appointments Committee.

COMPENSATION AND BENEFITS FOR MEMBERS OF THE BOARD OF DIRECTORS OF GROUPAMA ASSURANCES MUTUELLES

Since 7 June 2018, when the company changed its corporate form, the Board of Directors has consisted of 9 Directors representing the Groupama regional mutuals and four Independent Directors. The Directors representing the regional mutuals (with the exception of the Chairman, who receives compensation) receive allowances, and the Independent Directors receive compensation, pursuant to Article R. 322-120-3 of the French Insurance Code.

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 the regional mutuals.

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

The gross amounts of all allowances, compensation, and expense reimbursements paid in 2019 are shown in the table below. Out of a budget of €890,000 for allowances and compensation excluding the Chairman’s compensation, the total sum of €680,770 was paid.

Certain Groupama Assurances Mutuelles Directors received attendance fees in 2019 as members of the Boards of Directors of subsidiaries of Groupama Assurances Mutuelles. The details of the compensation are summarised in the following table.

	2019			
Members of the Board of Directors	**Allowances and compensation**	**Compensation paid by subsidiaries**	**Benefits in kind or miscellaneous expenses paid**	**Total 2019**
Michel Baylet	16,000	23,667		39,667
Isabelle Bordry	70,480			70,480
Thierry Chaudon				0
Daniel Collay	48,000	68,000	2,569	118,569
Jean-Pierre Constant	48,000	68,000		116,000
Ada Di Marzo	65,070			65,070
Marie-Ange Dubost	48,000	71,000	4,099	123,099
Caroline Grégoire Sainte Marie	86,050			86,050
Walter Guintard	32,000	44,333	822	77,155
Michel L'Hostis	48,000	68,000	3,113	119,113
Jean-Louis Pivard	48,000	68,000	11,862	127,862
Laurent Poupart	47,600	68,000	1,785	117,385
Bruno Rostain	75,970			75,970
Liouba Ryjenkova				0
François Schmitt	47,600	80,000	583	128,183
Groupama regional mutuals		600,000		600,000
TOTAL	**680,770**	**1,159,000**	**24,833**	**1,864,603**
Jean-Yves Dagès(1)	259,200		35,242	294,442

(1) The amount of the benefit in kind corresponds to the retirement contribution.

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.

In 2019, the allowances and expense reimbursements for members of the Mutual Insurance Advisory Board totalled €425,812.50 gross and €68,140 respectively.

The General Meeting of 7 June 2018 adopted a resolution concerning retirement benefits for Directors representing regional 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) former regional chairmen and national Directors of the Group and to extend the benefit to Directors representing the regional 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 2019, Groupama Assurances Mutuelles paid €980,000 for this purpose.

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 industrial 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 2019 (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 II, a gap analysis was conducted in 2019 on each of the policies to verify whether they should be updated.

The Group's internal control system is based on commonly accepted practices[1]. It covers the level 1 and level 2 permanent control system as well as periodic control (or level 3 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.

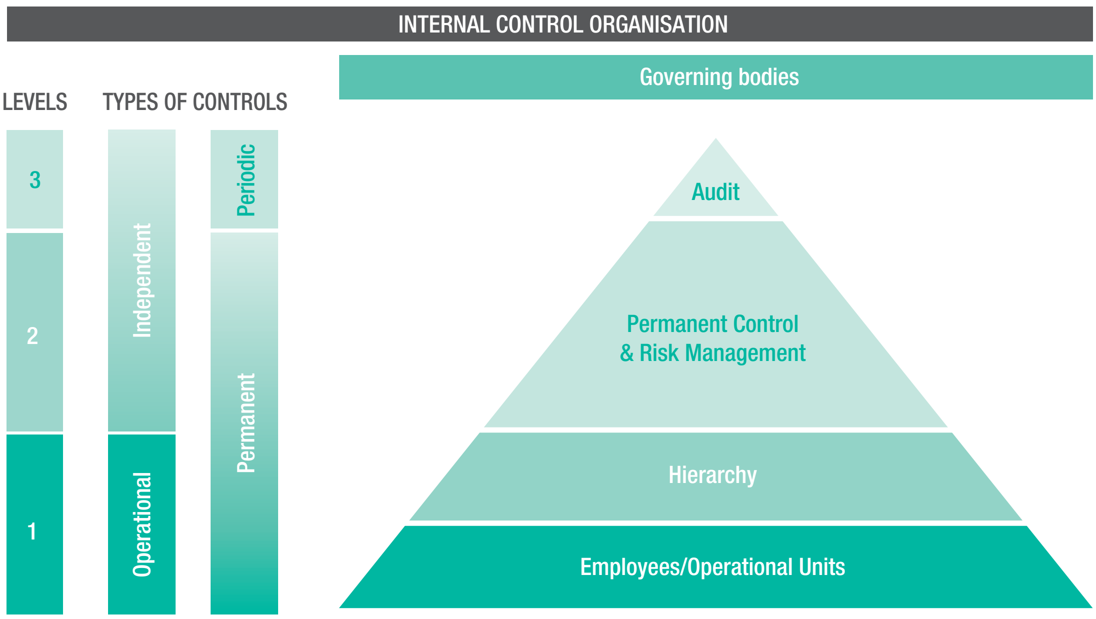
The internal audit function periodically assesses the adequacy and proper functioning of the permanent control system and provides a third level of control.

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 II 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 2019, 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 2019, 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;
- 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;
- the definition and implementation of a risk tolerance framework for the Group, to be rolled out within the entities in a second phase.

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 2019, the Group Operational Risk Management and Permanent Control Department (DROCPG) has a dedicated team of thirteen people and is involved especially in the scope relating to the management of operational 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 2019, 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;
- the deployment of an updated version of the community operational risk management and control reporting tool;
- 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 ARCC (Risk Management, Control, and Compliance Audit) 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 2019 audit plan was approved by the Groupama Assurances Mutuelles Board of Directors.

The Group General Audit Department's 2019 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 2019 by the Group General Audit Department focused on four regional mutuals, two French insurance subsidiaries, two service subsidiaries, one international subsidiary, and 1 "flash" audit. Four subsidiaries underwent process audits as part of cumulative audits. Lastly, two cross-functional audits were conducted (one on the annual revaluation of portfolios and one on new business pricing).

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 2019, 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 working group (WG), which met three times in 2019.

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 II 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 II:

- 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 6 of this Universal 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 II 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 46 on related-party transactions to the consolidated financial statements for fiscal year 2019, 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 46 of the consolidated financial statements.

3.7 FEES OF THE STATUTORY AUDITORS

The table of the statutory auditors' fees is detailed in Note 50 to the consolidated financial statements, chapter 7 of this Universal Registration Document.

In 2019, like in 2018, 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.

These tasks represented an overall budget of 1,426 thousands of euros in 2019. In France, they are related primarily to due diligence related to the review of societal and environmental information, to Solvency 2 regulatory reporting and system migration.

Internationally, services concerned additional work provided for by local legislations.

3.8 STATUTORY AUDITOR'S SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

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

General meeting to approve the financial statements for the fiscal year ended 31 December 2019

Dear Members,

CAISSE NATIONALE DE RÉASSURANCE MUTUELLE AGRICOLE GROUPAMA
8-10 rue d'Astorg
75008 Paris, France

In our capacity as statutory auditors of the annual financial statements of your Caisse Nationale de Réassurance Mutuelle Agricole Groupama, we hereby present our report on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the principal terms and conditions of the agreements that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements.

We performed the procedures that we deemed necessary in accordance with the professional standards applicable in France to such engagements. These procedures consisted in verifying that the information provided to us is consistent with the underlying documents.

AGREEMENTS TO BE SUBMITTED TO THE GENERAL MEETING FOR APPROVAL

Agreements authorised and entered into during the past fiscal year

Pursuant to Article R. 322-57 of the French insurance code, we were informed of the following agreements entered into during the past fiscal year that were authorised in advance by your Board of Directors.

Financing of major Group programmes

For the financing of major programmes, on 12 December 2019, the Board of Directors authorised the payment of grants to the regional mutuals in 2020 in order to:

- support the development of the banking business (Orange Bank) for a maximum amount of €3.5 million net of corporate tax (at constant tax rates);
- share in the cost of issuing mutual certificates in 2020 for a maximum amount of €18 million;
- share in the costs of the project for the development of national partnerships by the regional mutuals through the conversion of Amaline Assurances into a broker, up to an overall annual budget of €1.80 million for the amortisation of the Amaguiz portfolio acquisition price, corresponding to 1/7 of this price starting in fiscal year 2020.

In connection with this last project, authorisation was also given to pay the regional mutuals in 2019 an annual grant for the IT investment made in 2019 to develop the functionalities necessary for the management of partnerships in the community information system within the limit of a gross amount of €0.4 million.

Each of these grants was successively authorised by the Board of Directors without the Chairman of the mutual granted a subsidy participating in the vote.

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

Grants to organisations and associations

On 18 April and 12 December 2019, the Board of Directors authorised the payment, respectively in 2019 and 2020, of grants to the metropolitan regional mutuals to finance organisations or associations for national projects organised locally as part of an annual budget of a maximum amount including tax of €0.025 million per regional mutual, within the limit of a maximum annual amount of €0.1 million euros including tax for all the regional mutuals combined.

Directors concerned: Mr Collay, Mr Constant, Mr Dagès, Ms Dubost, Mr Guintard, Mr L'Hostis, Mr Pivard, Mr Poupart, Mr Schmitt, and Mr Baylet for the meeting of 18 April 2019.

Subsidy and debt write-off for Gan Assurances

On 12 December 2019, the Board of Directors decided on the grant and debt write-off for the financing of the iDéogan expenditure for fiscal year 2019 and authorised:

- the payment of the annual grant mentioned above of up to €6.95 million gross to Gan Assurances;
- a €0.25 million debt write-off.

Director concerned: Pivard.

Neuilly-sur-Seine and Courbevoie, 27 March 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars
Christine Billy	Nicolas Dusson Pascal Parant

CORPORATE SOCIAL RESPONSIBILITY (CSR)

4

4.1 GROUPAMA CSR POLICY

Responding to societal issues is part of the history of Groupama, a mutual insurance company that has always been driven by its values: proximity, engagement, performance, and solidarity. The Group focuses on people and customer satisfaction, as reflected in our purpose: 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 therefore 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 2019-2021. Its objective is to mobilise as many people as possible for shared sustainable development, serving the Group's strategic issues. The plan was constructed using a collaborative approach, teaming up the coordinators and departments of the companies, the employees (2,500 of them expressed themselves), and the elected representatives, with the ambition of further anchoring CSR in the Group's everyday activities. The 2019 CSR review is presented in the Declaration of Extra-financial Performance.

The CSR strategy is based on four commitment priorities:

- **A caring employer committed to collective success**

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' engagement levels. This momentum continues at the Group level and within the companies, reinforcing 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, up 3 points compared with 2016).

- **An insurer that develops solutions and sustainable services**

As a pioneering group, 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.

- **A partner working in solidarity with communities and territories**

Proximity is at the heart of Groupama's history and 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. Groupama is reinforcing its mutualist model to serve the regions. In addition to local prevention actions, the Group's companies are fully committed, particularly through partnerships, to support for the development of economic initiative and to very many solidarity actions.

For 20 years, Groupama has been contributing to the fight against rare diseases, one of the three major national public health priorities along with cancer and Alzheimer's disease, through the Groupama Health Foundation. Since its creation, and together with the regional mutuals, the foundation has supported more than 30 researchers and hundreds of projects and associations. A Rare Diseases Research Prize, worth €500K, was launched in 2017. A social innovation prize is awarded each year. The Group also supports film creation and solidarity actions in Madagascar.

- **A responsible player in the ecological transition**

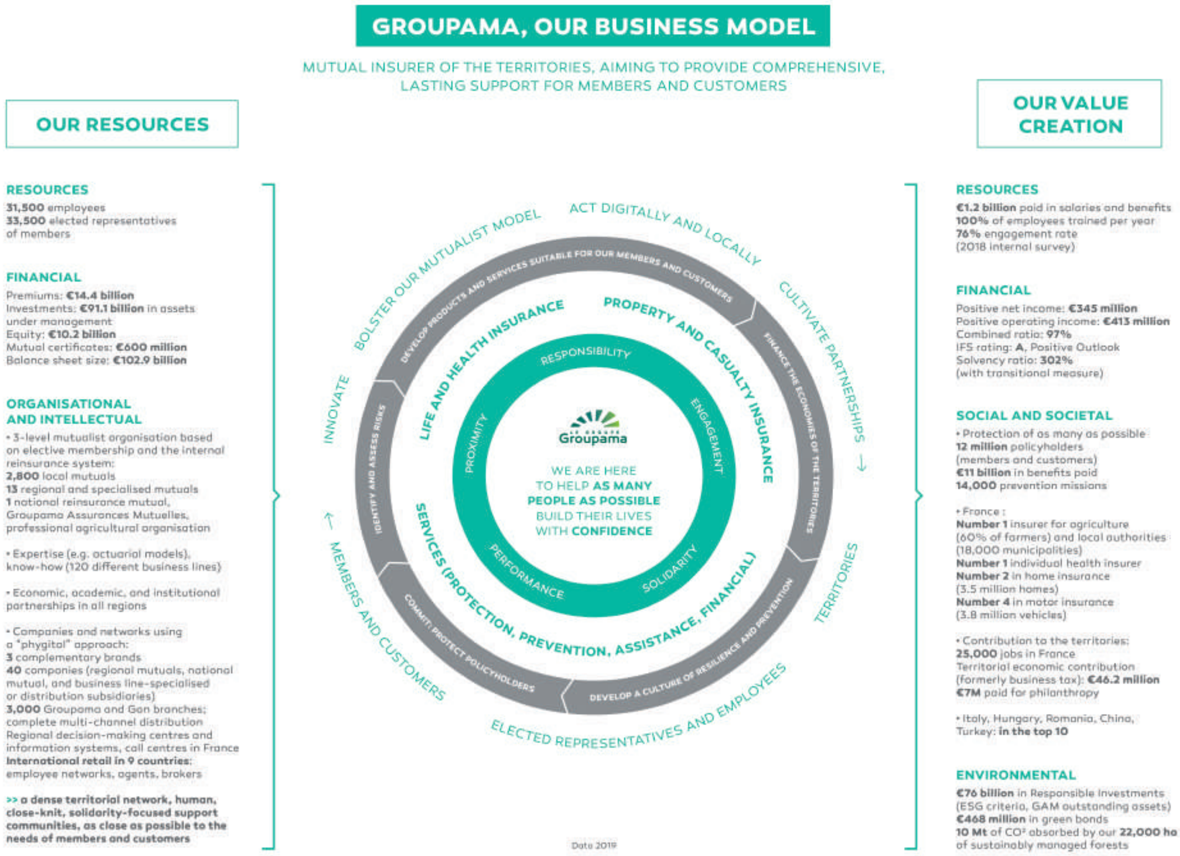
The Group has initiated actions to emphasise the reduction of its environmental footprint. We are thus continuing our efforts and decreasing our CO_2 through energy efficiency and economical use of resources (energy and paper consumption, travel, etc.). Groupama is fully aware of its responsibility in terms of indirect impacts and, as such, has developed actions over several years supporting the eco-responsibility of its customers and suppliers through its innovative insurance and financial offerings (behavioural pricing, renewable energies insurance, SRI products, etc.), prevention and awareness actions, and its procurement contracts. The same applies to the investment policy, which incorporates preservation of the environment and the fight against climate change. Our forest assets represent a carbon sink of more than 10 million tonnes.

4.2 DECLARATION OF EXTRA-FINANCIAL PERFORMANCE

This part corresponds to section 8 of the management report of the combined financial statements for fiscal year 2019, audited by the statutory auditors.

The social, societal, and environmental information published in this "declaration" [(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 and comprehensive assessment of Groupama group's progress in CSR (corporate social responsibility) in terms of understanding CSR risks and issues, and the steps taken and the results obtained. The elements of the Group CSR Strategy are also summarised in part 1.4 of the 219 "URD" [(2)] and in the Groupama group's annual report.

4.2.1 CSR AT THE HEART OF OUR BUSINESS MODEL



(1) *"Declaration of Extra-financial Performance" (DEFP), voluntarily prepared by Groupama according to the order on the publication of non-financial information and its implementing decree in July and August 2017 respectively.*

(2) *Universal registration document (formerly registration document).*

83.6% of the Group's business is carried out in France [1] in the insurance business: life and health insurance (47.5%), property and casualty insurance (51.3%), and financial businesses (1.2%). The Group has 31,500 employees [2], with 79% working in France.

4.2.1.1 A dynamic of responsibility 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 risk events 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 that mobilise its energy and resources 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 pillars identified in our Vision project: maintaining customer proximity, strengthening our distribution capacity, making Groupama even more of a leading brand, 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.

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 business 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 partners in the territories.

Groupama is one of the leading insurance companies in France and is present in nine other countries. Its societal utility naturally lies in the nature of our profession, financial protection, a pillar of the activity of modern economies, but it is much more than that because it is a player in social life 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.

(1) In addition to France, Groupama is present in Italy, Turkey, Hungary, Romania, Slovakia, Bulgaria, Greece, Tunisia (35% stake in a group), and China (in the form of a joint venture).

(2) By adding the staff of the companies CIGAC, Cofintex 6, SDGAC, Centres Centaure, CapsAuto, SPSE, SPARA, and Groupama AVIC in China to the headcount of the combined scope strictly speaking.

Groupama is the only insurer in France with a decentralised territorial structure, based in particular on local mutuals grouping together members and regional mutuals, which are autonomous, responsible, interdependent regional companies, particularly through the mechanism of reinsurance.

The Group's financial strength, illustrating the quality of management and guaranteeing sustainability, was further bolstered in 2019: the Fitch agency raised Groupama's rating again from "A-" to "A" *(Strong)* and maintains a "Positive" outlook.

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 needs, going beyond issuing policies.

4.2.1.5 Governance and CSR strategy

The CSR team within the Internal Communication and CSR Department, attached to the Groupama Assurances Mutuelles Group HR Department, promotes and coordinates the CSR policy within 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/coordinators 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 in their company and share their best practices.

Led by the CSR team, the Group CSR Strategy is 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 2019-2021 plan was built through a collaborative approach, teaming up the CSR coordinators and management of the companies in 2018, and for the first time with the employees (IMAGIN'RSE with 2,500 participants and more than 5,000 submitted ideas) and elected representatives through a CSR workshop during a national training session. It was approved by the Group's Ethics Committee on 17 April 2019.

It is structured around the 4 pillars of CSR, with revised phrasing in line with current CSR topics. Each pillar now consists of 3 commitments, for a total of 12 commitments to progress:

- a caring employer committed to collective success;
- an insurer that develops solutions and sustainable services;
- a partner working in solidarity with communities and regions;
- a responsible player in the ecological transition.

In 2019, employees were able to learn about the strategy in a fun, participatory way by visiting the AGI'RSE platform made available to them for several weeks.

4.2.2 CSR ISSUES AND ASSOCIATED RISKS

4.2.2.1 Risk assessment

In connection with order 2017-1180 published on 19 July 2017, the Group's CSR risks were specifically mapped in order to prepare this declaration. This rating was done in view of the social, societal, and environmental issues associated with our business model. CSR risks are intended to complement the current global management of the Group's risks.

The approach to the work, led by the CSR team with the assistance of the Group Risk Department, was as follows: first, classify and express "CSR" risks (for which there is currently no official normative list [1] and simultaneously construct an evaluation grid (matrix) for these risks, based in particular on the COSO method [2]. This list of risks and the assessment methodology were then sent to the Business and Risk Departments of the Group's entities for an initial rating, done as much as possible in gross terms [3]. Lastly, the return of this rating made it possible to choose from among the CSR risks the "significant" risks presented in this document and validated in the meeting of the Group's Ethics Committee on 11 December 2019.

The assessment is based on an expert opinion after about twenty interviews are conducted. The scope for this first exercise primarily concerned our main activities and business lines in France. The risk rating depends on the probability of occurrence and the sum of the potential impacts (with an additional assessment factor, which is the incident already experienced or not).

In addition to this mapping work, the following are indicated in this declaration:

- risks that are already incorporated into the Group Major Risks framework;
- risks or topics that must be reported according to the regulations.

(1) Sources: the CSR reporting guide for the insurance sector produced by the FFA in 2018 as well as the 2015 practical guide of the ORSE (Observatory on corporate social responsibility), of which Groupama is a member.

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

(3) In other words, intrinsic risk before risk control measures.

4.2.2.2 Social issues and associated risks

Human resources management is one of the pillars of our model. In this area, five risks [(1)] were identified in this exercise, each corresponding to an issue of our responsible employer policy, three of which appear to be the most significant:

(a) Issue of employability

The risk of inadequacy of skills with changes in the business lines. This is a significant risk today due in particular to the digitalisation of business lines, changes in working methods, and regulatory developments – in particular on products and advice – which are increasingly numerous. This is also the issue of the attractiveness of our companies, which will need to capture more digital profiles and certain outside skills.

Business lines are under intense stress due to the internal and external scarcity of skills, such as data scientists and experts on business insurance or professionals (in cyber-risk, for example). In mass markets, there is also an increasing need for skills related to new mobility (auto) or claims management skills; the Claims Manager profession is substantially shifting towards more advice and proactiveness for the customer. New customer journeys are being developed in property damage and motor insurance, and the notion of "enhanced" Manager is taking shape. In addition, new risks (*e.g.* cyber-risk) and new services are developing to support the customer (compensation in kind, direct agreement, support for victims of bodily injury, etc.).

The Group anticipates these changes by pursuing an HR policy that fully incorporates the training and skills matching aspects, for example:

- ongoing development of an SWP [(2)] policy updated in the companies;
- agreement on professional training (triennial review of the Group agreement);
- reviews of Directors (and succession plans) and staff;
- compliance with the requirement to hold Annual and Professional Reviews (EAEP and EP);
- community training kits on targeted topics (professionals, GDPR [(3)], etc.);
- training of managers and salespeople (on products, new tools, regulations, etc., especially in life insurance) (context of implementation of IDD [(4)]);
- development of new practical tools, such as Univ'Gan, an application making training more accessible both in substance and form; and
- creation of programmes to develop cross-functional skills such as Project Expert (PEPS).

A mapping of current and future key skills of business lines undergoing major transformation (DOSI, claims management, accountants) is in progress, and a dynamic skills management platform will be opened to allow employees to play a role in their career path by requesting the necessary support.

- **Performance indicator**

Rate of trained employees (rate of access to training = number of trained employees/total number of employees): 100.7% (95.1% in 2018).

This rate is greater than 100% because the calculation method includes individuals who left the Company as of 31 December 2019 and is divided by the number of employees as of 31 December 2019.

- **Additional indicators**

Number of trained employees: +3.4%/2018; training hours: +6.9%/2018; expenditure: +3.2%/2018; share of e-learning: 15.9% (9% in 2018).

(b) Issue of "working well together"

The risk of a deteriorating industrial climate is intrinsic to industrial dialogue. While tensions may arise depending on the topics (salary negotiations, retirement, working conditions/quality of life at work, working hours, etc.), the social approach and the mechanisms put in place within the Group make it possible to limit these risks.

Increased vigilance is needed in cases of site restructuring (such as the move to the Nanterre Campus and the Bordeaux site consolidation project) or as part of a transformative corporate plan (example of the deployment of the EDC [(5)], adaptations in progress at Gan Assurances, Amaline, etc.).

The Group has developed a multi-level organisation of industrial dialogue: at the level of each company, with an organisation adapted to the regional level, the size and the business of the Company, at the level of the UES or the UDSG [(6)], which make it possible to address topics common to multiple companies, and at the Group level, where the Industrial Dialogue Commission allows measures applicable to all employees to be negotiated. Each level has its own industrial dialogue bodies and timetable.

Also note:

- the establishment of a psychological support system for the Group and within the companies: confidential listening unit ("CELA"), assistance for caregivers, establishment of psychosocial risk (PSR) prevention plans in all the companies, and wide distribution of e-learning modules on quality of life at work;
- the development of collaborative/participatory actions and consultation of employees (participation in the development of strategies, tests, improvements to spaces, etc.), who are a source of creativity, agility, and motivation; the extensive possibilities of teleworking (as of the end of 2019, 3,208 employees chose one of the offered methods); the development of the quality of integration of newcomers, etc.

(1) See summary tables of risks in the appendix.
(2) Strategic workforce planning, SWP.
(3) General Data Protection Regulation.
(4) IDD, see point 4.2.2.3.
(5) Digital Collaborative Space.
(6) UES and UDSG correspond to Groupama employer groups.

- **Performance indicator**

Group absenteeism rate (France + international): 7.3% (7.4% in 2018).

(c) The issue of diversity and equality, namely non-discrimination

Preventing the risk of discrimination is an ongoing objective that requires our Group to have processes in place to eliminate any risk in this area. Several types of discrimination can occur: hiring, selection of candidates, and in career management as well, such as during a mobility process. There are nearly 30 discrimination criteria. This is a significant risk and a very sensitive subject in today's society; Groupama is particularly attentive to it [(1)].

In addition to by the processes, the occurrence of this risk is mitigated in an underlying way by our characteristic as a caring employer with strong regional roots, allowing us to be attentive to the developments and aspirations of various social groups.

In particular, the Group has set up a training course ("recruiting without discriminating" e-learning) and dedicated functions – a Diversity/Disabilities contact person is appointed in each company – aimed at deploying prevention policies designed to eliminate or greatly reduce these risks. The goal is to demonstrate, through these procedures, our exemplary nature (such as in recruitment processes, with mandatory training for managers and recruitment officers/managers) and our commitment to the integration of all skills.

The Group has signed the charter on diversity and negotiated for several decades in proactive agreements for the inclusion of people with disabilities, but has also incorporated into its agreements (in particular, the agreement on Diversity and Equal Opportunities) measures on in-company parenting, measures on intergenerationality, measures to promote gender equality (including mentoring), measures on the management of the career paths of employees who serve as staff and/or trade union representatives, or measures to support employees who help family members.

Negotiations began in 2019 on the review of the agreement on Diversity and Equal Opportunities at the Group level in connection with existing agreements or action plans (UDSG and UES plans).

Note: with the change in accounting – more restrictive starting in 2020 – of the employment of people with disabilities (TH), we will need to reinforce our TH recruitment/recognition policy.

- **Performance indicator**

Equality:

- rate of female executives/number of executives: 48% (47.4% in 2018);
- rate of female senior executives/number of senior executives: 25.2% (24.8% in 2018).

- **Additional diversity indicators**
  - 879 work/study trainees, rate of conversion of work/study trainees to fixed-term or permanent contracts: 29.6% (29.9% in 2018);
  - 1,044 employees with disabilities, or 3.6% of the total number of permanent contract employees (4.2% in France; 4.3% in 2018).

(d) The issue of respect for employees

The aim is to prevent the risk of serious violations of human rights and harm to human health and safety. Given our humanistic culture, our activities, and the countries where our brand operates, the risk of violation of human rights is very low. Similarly, the potential is quite low given the importance attached to health and safety at work in the Group's companies. Everything concerning working conditions and the safety of people and property is highly regulated. In addition, the aspects of protection of employees' personal data are fully taken into account when computerised processing in done.

The Group has established policies to identify and prevent these risks. The ethics charter incorporates principles and values that require the Group to put in place concrete preventive measures. For many years, it has developed a prevention approach, which is reflected especially through a group agreement on Quality of Life at Work (including the right to disconnect) and the appointment of HR-QLW coordinators/prevention officers, who ensure the prevention of psychosocial risks among other things. At the Group level, the purpose of the Committee for Quality of Life at Work is to discuss major projects on an equal footing with the industrial partners. At the European level, subsidiaries operating in multiple countries (Italy, Hungary, Bulgaria, Romania, Slovakia, Greece) have also incorporated a risk prevention and management policy. A joint declaration on Quality of Life at Work has been signed by the industrial partners at the European level.

The employee representative bodies in the companies closely monitor these topics. The companies develop prevention policies on numerous aspects (prevention of PSR, musculoskeletal problems, confidential listening system, QLW e-learning modules, training to manage customer aggression, etc.).

An alert system – confidential and secure – able to be activated by each employee is online on each intranet. Furthermore, with regard to workplace safety, the Logistics Department of Groupama Supports & Services oversees and monitors regulatory obligations (with a dashboard) and a Business Continuity Plan.

(1) Reputation risk is addressed in part 5 of the "URD".

- **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 Organisation (ILO) fundamental conventions in its ethics charter, deployed in all of its companies and introduced to 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 [1] Guidelines for Multinational Enterprises, the ten principles of the UN Global Compact, and the EU Charter of Fundamental Rights.

(e) The issue of consideration of social impacts in the event of restructuring/reorganisation of activities/site

It is comparable, after analysis, with the issue of preserving the quality of the industrial climate and is therefore not the subject of a particular rating in the mapping.

4.2.2.3 Societal issues and associated risks

In the area of societal expectations, seven issues/risks [2] were identified in this exercise, each corresponding to an issue of our responsible insurer policy, four of which seem the most significant because they are closely linked to trust, which is pivotal to our purpose: "We are here to allow as many people as possible build their lives confidently".

(a) The issue of "sound advice" given to our members and customers

The associated risk is a failure to advise. Fulfilling the duty to advise and to communicate the most meaningful information possible is obviously a major issue and a significant risk managed as such by the Group and its companies, as financial players offering insurance or savings solutions to its policyholders and customers. At the heart of this management is the proper deployment of the IDD in the Group [3]. This regulation includes the requirement to design products and distribute them to an identified target market. In order to ensure that marketing is properly monitored, this governance also provides for post-market analyses (*via* feedback from distribution networks) to make sure that our products meet the needs of customers for the long term. As such, on the life insurance scope, Groupama Gan Vie has implemented the notion of "recommendations", which relies on specific offerings constructed by the insurer to meet customer needs and regulatory requirements (delegated management and recommended allocations without a management mandate).

From a distribution perspective, this system has led to a significant increase in the quality and level of formalisation with regard to the duty to advise. The sales approach thus fully incorporates customer discovery by developing active listening and the needs of prospects to offer them a product that fully meets their expectations and interests. For example, with regard to the distribution of individual life and health insurance products, Groupama Gan Vie has developed sales support tools for each network to secure and ensure traceability of sales actions.

Beyond the regulatory aspect, which is very important, the Group and its companies have stepped up their actions to strengthen customer satisfaction (see item further discussed below).

- **Performance indicator**

Deployment of the iVie sales support tool in the regional mutuals and with all the sales forces finalised in 2019. Rate of business in delegated management and recommended allocations/total business completed as a number (including independent management) = 61% in 2019 (monitoring of actions, in terms of number, done in iVie).

In this DEFP, the comparison with the 2018 rate is not significant because the deployment of the approach was partial at that time.

(b) The issue of customer satisfaction

The associated risk is failure at key points in the life cycle of the customer relationship. The quality of service rendered and customer satisfaction are core concerns of our business, which contractually binds us (being there when we are needed and fully delivering the promised service), the impact of which is naturally significant from all perspectives (reputation, image, customer loyalty, business development, etc.). This is especially the case in today's world, with the constantly increasing rigorous demands of policyholders, ongoing IT developments, and the need to be perfectly aligned with the various regulations, including those on information and data confidentiality and on communication and marketing. The potential for dissatisfaction is real at key points in underwriting or claim management and requires very strict attention.

Substantive work has been performed for several years, with the ASC [4] Programme since 2013 (which has significantly raised the NPS [5]; a general action has been carried out and continues to foster advice, simplification (customer spaces, etc.), prevention, and proximity in the long term (monitoring). A Service Commitments approach (six on Service Quality, "Groupama is committed") has been in place since 2017, and a project on the "proactive" approach towards members and customers has also been launched, in connection with Pillar 1 of Vision (rekindling customer relations). All major insurance markets (motor, multi-risk home, local authorities, etc.) have taken – and continue to take – steps to improve the customer experience.

The regional network is a strong advantage in the relationship with members and customers. On the one hand, each year, 300,000 members participate in the General Meetings of our approximately 2,800 local mutuals, which gives our policyholders decision-making power within the mutual, in particular through the Groupama elected representatives. The link between elected representatives/members and employees of the mutual is an essential point of support for understanding expectations at all stages (needs for protection, prevention, processing of claims, etc.). On the other hand, the four Gan specialised networks have strong roots in France, and the Group has local networks outside France (networks of agents, representatives, or employees).

(1) Organisation for Economic Cooperation and Development.
(2) See summary tables in the appendix.
(3) Insurance Distribution Directive, which entered into force on 1 October 2018, with the primary objectives of protecting consumers, harmonising measures within the EU, and improving transparency with policyholders.
(4) Customer Satisfaction Improvement.
(5) Net Promoter Score (NPS).

The Group and its companies are developing a multi-channel strategy to strengthen proximity. Contact, face to face or remotely, in real time, at the customer's choice, is in keeping with how today's society operates. On the Internet, the "advice" and "customer" areas are clear and exhaustive (they contain all the policies, certificates, the ability to report claims, etc.), and the use of e-signatures is growing (950,000 in 2018, 1,290,000 in 2019). Some of the Group's companies are developing video experiments in branches or mobile branches (Groupama Car).

- **Performance indicators**
  - proximity and support (criteria: listening, clear answers, monitoring of policies, and suitable covers); Groupama is gaining ground and earned a score of 13.6/20 points in 2019 (13.4 points in 2018), but the market is progressing more quickly (14.07/20 in 2019; 13.25 points in 2018);
  - quality of claims management: Groupama remained stable in 2019 with 47% "Very Satisfied" and 81% "Satisfied" and "Very Satisfied" (internal survey, claims less than a year old).

(c) The issue of protection needs (coverage of societal issues)

The ability to respond, with sustainable and economically affordable solutions, to new customer needs/expectations related in particular to transition challenges and accessibility is one of the fundamentals of our social utility.

The issues of taking into account (or risk of not taking into account) needs in terms of protection, associated with the challenges of the increasingly rapid changes in the world (demography/ageing, mobility, digital including cyber-attacks, new forms of work, urban violence, regulatory "avalanche" [(1)], increased litigiousness of society, etc.) and adaptation to the budgetary resources of policyholders are significant. The issue of accessibility is more financial (the increase in premiums in the medium to long term must be controlled) than physical, as the Group's locations are throughout the territory, particularly in rural areas, and the multi-channel distribution system is complete.

It should be noted that with regard to geographical aspects, the market's reinsurers, which monitor changes in the portfolios of their ceding entities, can guide the underwriting, but the share of this risk due to reinsurance remains immaterial.

Understanding expectations is one of our Group's imperatives and is one of the natural conditions for its long-term development. In fact, the analysis shows that the risk is not so much about missing out on societal demand (solutions can be found for the vast majority of expectations, but for certain needs, the problem of the size of the insurable amount may arise), but being able to control the risk of premium increases over time, knowing that at this stage, insurance in France, whether life or non-life, is one of the top markets in Europe. Advances in data knowledge (thanks to data and artificial intelligence) increase the possibilities of assessing and pricing risk as accurately as possible, while maintaining the fundamental principle of mutualisation. Lastly, we must be vigilant about segments of the population (such as students and pensioners) whose incomes are more limited.

Another risk factor to be taken into account in the environment is the prevailing negative interest rates, and that will force us to reconsider the products, especially in life insurance.

Offering insurance solutions that are "buyable" by as many people as possible directly echoes our purpose. Societal changes are integrated into our strategic plans (pillars of Vision, Podiums, etc.), including faster placement in production of offerings.

Groupama has an exceptional field network and elected representatives (33,500 people) who understand the expectations of members, oversee the accounts of local mutuals, promote prevention actions, and so on (see previous point on customer satisfaction). Everything is geared towards an even more personalised approach to the needs of members/customers.

There are plenty of examples of suitable insurance solutions offered by our companies: young drivers' policies with a driving course at no extra cost, cyber offering – at no extra cost – in multi-risk offerings for professionals, "mini" options in prevention/health insurance with systematic consideration of the pricing impact of the offerings, in life insurance, widespread implementation of customer studies (quantitative and qualitative) to better understand and, where appropriate, develop Groupama Gan Vie's positioning on a particular product, the "Lunettes pour tous" partnership in group life insurance, etc.

At the end of 2019, in line with the new PACTE law, Groupama Gan Vie successfully launched its range of Savings/Pension Plans (PER) and associated services (advice, simulations, etc.) and the HUG programme (effortless saving for retirement).

To reinforce the responsible nature of our offerings, the Group CSR Strategy has planned for the coming years the development of an internal CSR criteria grid that could serve as a reference for evaluating and, where appropriate, upgrading our products and services.

Note the importance of reinsurance that supports product innovation, particularly on emerging risks (*e.g.* cyber risks, income stability insurance for farmers, and yak insurance to fight poverty among Chinese farmers).

- **Anticipating risk: prevention, a strong policy of Groupama for more than 60 years**

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.).

(1) The risk related to regulatory developments is addressed in part 5 of the "URD".

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.).

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.

Closer look at the Centaure centres (11 centres dedicated to road safety, of which Groupama is a shareholder alongside motorway companies):

- Centaure with Preventis Card Pro is recognised by the government application dedicated to the CPF [1] launched in 2019. This application, managed by Caisse des Dépôts, allows the 30 million employees to register directly with their personal training account for certificate-issuing training courses eligible for the CPF. This training course is the only one among the thousands of certificate-issuing courses devoted to road safety, apart from driving licences;
- In 2019, Centaure partnered with BMW Motorrad to provide motorcyclists with one-day training to improve their everyday riding. This nationwide offering is unique in France. The trust and quality of our partner testify to Centaure's ambition and ability to innovate for years to come in this new area.

- **Performance indicator**

Number of people (internal and external) made aware of prevention actions in 2019: 94,083 (85,472 in 2018).

- **Centaure indicator (driving centres dedicated to prevention)**

Number of trainees in the Centaure road accident prevention centres in 2019: 38,775 [2] (37,733 in 2018).

(d) The issue of policyholder data protection

Is a key element of trust – and therefore potential loss of trust if the risk materialises. The societal context is expanding on this subject, with increasing requests to "exercise personal rights" and the growing litigiousness of relations.

Cyber risk (attacks on the Group's information systems), one of the most serious emerging risks in the sector, is addressed as part of the Group's Major Risks framework.

Regarding the risk of non-compliant data processing: the Group's Code of Conduct specifies that the 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 data subjects and taking all necessary measures to protect their confidentiality.

Since the GDPR [3] came into force on 25 May 2018, the Group Data Protection Correspondent (CIL) has given way to the France DPO (Data Privacy Officer), who also takes over the duties of the Group CPO (Corporate Privacy Officer). In anticipation of the entry into force of the regulation, the Group appointed a Group 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 (France DPO), 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 Shared France DPO is independent by law and reports to the General Secretary, a member of the General Management Committee of Groupama Assurances Mutuelles. It meets the legal and regulatory requirements governing the conditions for designation of a DPO and has been designated with the CNIL [4]. 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, property, etc.) but also all other topics as long as personal data are concerned (*e.g.,* human resources, video surveillance devices, service activities, etc.).

(1) Personal Training Account.
(2) Including 660 roadworthiness tests.
(3) General Data Protection Regulation.
(4) French national data protection commission.

In 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.

Some examples of the control measures:

- deployment of the ethics framework (ethics charter, Code of Conduct, ethics whistleblowing system): available in the event of personal health and safety violations in particular;
- general deployment of a cyber risk information campaign, including e-learning training for all employees;
- likewise for training in GDPR requirements (e-learning);
- compliance with the GDPR requirements from the perspective of both data processing (with regard to customers and in relation to third companies potentially working on the data) and processes (DPO, procedure, etc.).

The most appropriate performance indicator is being defined.

Regarding the other issues and associated risks (indirect impact of policies, responsible purchasing, socially responsible investments) [(1)]:

In addition to data protection risk, the risk of indirect physical impact or human rights violations due to our insurance policies is immaterial.

(e) The issue of responsible purchasing

The Group is a producer of services, using commercial buildings. Purchases are made mainly in four areas: IT and telecommunications, intellectual services (strategy consulting, HR consulting, training, marketing, travel, etc.), general resources (building management as a whole: construction, occupant services, etc.), and insurance purchases.

In application of the Ten Principles of the UN Global Compact and the charter on diversity, CSR commitments have been integrated into the Group's purchasing policy, including a purchasing ethics charter, which has been incorporated into the internal bylaws 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.

There is a written policy on subcontracting and outsourcing important and critical activities.

Groupama has signed the inter-company charter (which became the responsible supplier relations charter [(2)], which particularly favours long-term relationships with SMEs, incorporation of CSR criteria into the selection of suppliers, and consideration of the territorial responsibility of a large group.

In addition, in our calls for tenders, we ask our suppliers, in connection with the supplier CSR charter that we have developed or 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, and transport and management of waste). A "CSR" clause is inserted into the contracts.

Examples of actions that illustrate the management of this issue by the Group include GDPR-specific training for buyers and employees (100% of buyers in the Purchasing Department of Groupama Supports & Services trained and 100% of the regional mutuals trained in 2019). Groupama Supports & Services has a supplier risk monitoring tool (e-attestation), which allows for the surveillance of all suppliers with which contracts have been entered into. In addition to the three obligations (K-bis, payment of social contributions, and list of employees subject to a declaration of work), the tool makes it possible to monitor their insurance, the certifications specific to each business line, etc. Deployment of this tool in the regional mutuals is planned by mid-2021.

(f) The issue of implementing the Sapin 2 law – combating corruption and influence peddling

Addressed in 4.2.2.6.

(g) The issue of socially responsible investments, namely consideration of the social/societal impact of companies in which Groupama invests

This issue has been defined and controlled for many years at Groupama, and the work to make these analyses more thorough continues.

For more than 20 years, Groupama, a financial player in the economy's long-term development, has been involved in promoting Socially Responsible Investing (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 (Environment, Social, Governance) criteria into all management operations [(3)]. To affirm this commitment, Groupama Asset Management established an ESG Strategy Department in 2018 to accelerate the integration of ESG into all portfolios.

(1) Regarding the issue of societal commitments to sustainable development, see part 4.2.2.5.

(2) Designed in 2010 by the Médiation des entreprises and the Conseil National des Achats.

(3) The policy of integration of ESG criteria by Groupama Asset Management into the financial management of the Group's assets is gradually applied to the universe of European medium/long-term assets (government and 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 incorporating an ESG approach (Responsible Investment assets) thus involves all securities and money market funds held directly or indirectly.

It should also be noted that Groupama Asset Management has an active shareholder engagement policy, based on PRI [1] criteria, to which the Company is a signatory, and that it complies with the exclusion policy in accordance with international treaties (Ottawa and Oslo).

In addition, the SICAV Euro Capital Durable (eurozone equities) and the G Fund Crédit Euro ISR fund (eurozone bonds), which were awarded the new SRI label in 2016 supported by the public authorities (this local label succeeded the Novethic label) following an audit by AFNOR, have had their two labels renewed since 2017 after follow-up audits by AFNOR.

In 2019, a new fund was awarded a label: G Fund Future for Generations (a diversified fund targeting securities that work for solutions to societal issues, including health and sustainable consumption).

Lastly, in 2019, Groupama Asset Management launched several thematic or impact funds, including World Revolution (targeting innovative securities that drive scientific, technological, or societal changes in progress) and G. Fund Global Green Bonds (see point 4.2.2.4.).

These three new funds are accessible as part of the "sustainable balanced" delegated management profile, a management profile offered to savers by Groupama Gan Vie since 2019.

This policy of integration is being gradually applied to the financial management of the Group's assets. The Group believes that by promoting the integration of ESG criteria 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 Responsible Investment (RI) policy.

As a Business Department of the Group, Groupama Épargne Salariale also uses a CSR approach for its offering of financial vehicles intended for the 133,000 employees of 15,000 customer companies. It offers SRI (Socially Responsible Investment) funds, accredited by the French Inter-union Employee Savings Committee (CIES). As of the end of 2019, SRI fund assets totalled approximately €1.2 billion.

During this year, Groupama Épargne Salariale expanded its range of funds by offering, among others, G Fund Future for Generations and G Fund Global Green Bonds.

At the same time, the number of electronic statements increased to almost 25%. In 2019, Groupama Épargne Salariale also launched iGES, its new partner space for online purchase of all its offerings. An easy, quick, 100% digital purchase process.

The advances of the PACTE law, which allows the value created by companies to be better shared, were fully highlighted with the launch of a new group offering, the PERCOL (which replaces the PERCO). To stress the social policies put in place by the companies, Groupama Épargne Salariale also offers its customer companies Individualised Social Reviews, fully digitised through a partnership with the startup WinchApps.

In collaboration with Groupama Gan Vie, Groupama Épargne Salariale participated in the creation of a set of tools available to the networks and customers to highlight the Group's expertise in Corporate Savings and Pensions: a dedicated website, the ERE portal (http://ere.groupama.fr/), a video saga with the character Esth'ÈRE, who presents the new Savings/Pensions Plan and each of its products, and a newsletter "C'est dans l'ERE" intended for the networks. Lastly, to help employees and business leaders estimate and prepare for their retirement as well as possible, Groupama Épargne Salariale, together with Fintech Sapiendo, offers retirement reviews.

The Group has continued its commitment to invest in the real economy at a level of between €1.5 billion and €2 billion, depending on the year. 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.

4.2.2.4 Environmental issues and associated risks

As a financial player committed to supporting major transition challenges, preserving the environment and combating climate change are major issues. With regard to service companies, the Group's risks in this area are the most significant not in the impact of its facilities, but in its investments and insurance offerings, which are therefore two significant risks [2].

(a) The environmental and climate issue in investments

2015 marked a true turning point under the influence of COP 21 (Paris Climate Agreement) and the publication of the UN Sustainable Development Goals (SDG). The challenges of protecting the environment (and biodiversity), combating climate change, and the energy transition have become a major issue for everyone involved, including institutional investors, fund managers, and savers, who are thus stakeholders in these challenges and for whom the risks associated with (the non-consideration of) these developments are significant.

In the medium term, the risk of global warming is one of the greatest, with consequences on assets. Admittedly, as an investor mainly in the eurozone (not in emerging countries), the risk is not as bad for Groupama.

The consideration of the environment/climate factor in our investment choices thus consists in measuring the carbon footprint of investments to identify the most carbon-intensive and least proactive sectors and in monitoring the market positioning of emitters in terms of products and services facilitating the transition to a low-carbon economy. Groupama therefore seeks to incorporate the potential impact of physical, regulatory, and transition risks on the value of portfolios. Having a long-term view of the consequences of our investments, capable of combining the risk/return profile with the impact measures, requires detailed prior analyses, which are often long and complex.

(1) PRI: Principles for Responsible Investment.

(2) See summary tables in the appendix. Regarding the Group's ecological footprint, see part 4.2.3.

Groupama (the Group and its financial subsidiaries in particular) has undertaken significant work over the past several years to address this issue and control these risks, including:

- the development of an environmental analysis of issuers in collaboration with Groupama Asset Management: assessment of the alignment of our portfolios with a scenario of maximum global warming of 2° (Paris Agreement) with the PACTA methodology (based on real assets such as factories, etc.) and the GEVA methodology based on the strategic plans of emitters;
- an active voting policy means shareholder engagement, according to the PRI criteria, to which Groupama Asset Management is a signatory, or other criteria;
- the implementation of a responsible investment roadmap since November 2018: withdrawal from coal and oil sands; €1 billion in green investments over 3 years; training/instruction within the Group (national and local elected representatives, operational committees, etc.);
- a property certification policy;
- responsible investments in infrastructure finance funds and green bonds.

As of the end of 2019, Groupama had purchased €468 million in green bonds [1].

The Group acquired a stake in the capital of Prédica Energies Durables (PED), a subsidiary of CA Assurances dedicated to investments in renewable energy production assets alongside Engie.

Also in 2019, Groupama Asset Management launched the “G Fund Global Green Bonds” fund, a new bond picking solution invested in “green bonds” (securities offering returns and environmental benefits).

All these aspects as well as the implemented policies and the results are detailed in the document published each year by Groupama, the “Art. 173” (of the French energy transition act) report. The third edition of this document, available on our website groupama.com, was published in June 2019. The next edition is expected to be released in June 2020.

- **Performance indicator**

Amount of responsible investment – assets managed according to ESG criteria [2] – by Groupama Asset Management: €76.1 billion, or 72% of total assets under management as of 31 December 2019; up sharply from the 2018 level (24%) due to the expansion of ESG criteria to bond management.

(b) The environmental and climate issue in the offerings (products and services) and the underwriting policy

The significant risk associated with this is the failure to take into account the needs of policyholders in terms of resilience or support in the energy transition. This is an increasingly important issue due in particular to climate change, while maintaining the balance of our business model through controlled exposure. In addition to this is the consideration of the environmental impact (degree of pollution, including carbon emissions) of our policyholders’ businesses and therefore the indirect impact of our insurance business on the environment.

As mentioned in point 2.2.2.3., being a responsible insurer and a contributor to the fight against climate change and to the energy transition means being a group capable of providing economically affordable solutions to policyholders in the face of major environmental and climate changes.

- **Group exposure due to underwriting**

Given the exposure of Groupama Assurances Mutuelles, storms continue to be the greatest climate risk event. To assess the evolution of this risk in the face of climate change, Groupama Assurances Mutuelles uses models and knowledge developed jointly with various climate experts: global climate models (GCM), regional climate models (RCM), and IPCC [3] scenarios. There is no major variation associated with climate change in the frequency and severity of storms in France, but rather the increase in heat, drought, precipitation in certain areas, and risks of coastal flooding.

In weather claims, natural risk events (CatNat [4], forces of nature, storms) are already assessed in insurance risks (non-life underwriting risks). Application of CatNat regulations and knowledge of the underwriting risk (verification of flood-prone areas, etc.) ensure that the risk is well controlled.

Groupama has strong reinsurance protection and is also an innovative group in terms of cover solutions. Note:

  - that an internal scenario for assessing the impact of a group-wide environmental disaster has been devised;
  - the concrete effectiveness of our reinsurance structures, which allowed a large part of the loss experience observed in southern France at the end of 2019 (floods, earthquake) to be absorbed.

Regarding exposures, we assess reconstruction costs as well as operating losses in the event of natural or man-made hazards with a mapping resolution with GPS coordinates, which then allows for mappings taking into account the criticality of risks.

In any case, the issue of insurability of weather events over time arises, and the solution concerns all economic and social players.

(1) Green bonds held directly in France mandates.
(2) Environmental, social, and governance criteria.
(3) Intergovernmental Panel on Climate Change, IPCC, an intergovernmental body open to all UN member countries.
(4) Natural disasters.

- **Indirect impacts of offerings, namely the activity of our policyholders**

Groupama is certainly exposed to this risk given its activity (proportion of non-life insurance in particular), but it remains fundamentally controlled thanks to compliance with existing or new regulatory requirements. The Business Departments conduct ongoing regulatory and technical monitoring to adapt the offerings. The Group's network of preventionists (150 FTEs [1] at Groupama Assurances Mutuelles and the regional mutuals) is called upon. Some examples in environmental TPL [2]: this is mandatory insurance for professional risks with TPL including limits of cover purchased in accordance with the applicable regulatory provisions; in business and local authority insurance: proposal or addition of environmental TPL, with environmental damage, etc.

Note:

- reinsurers have so far not imposed clauses excluding certain environmental risks;
- changes in the regulations on "group actions" (since 2014) have led to the purchase of specific reinsurance to protect against the economic consequences of this type of proceeding;
- a policy of monitoring and controlling the accumulation of risks is carried out at the Group level (*e.g.* on fire cover, which may have an environmental impact by extension); with regard to claims, also note the role of issuing alerts of the claims function on the quality of the risk (cf. Seveso-classified sites, etc.).

The enactment of pollution or other standards is not within Groupama's authority; in essence, we insure players complying with recognised standards.

Moreover, there is currently no official methodology for measuring the carbon footprint of the main portfolios (motor insurance, home insurance, agricultural insurance, etc.). Work is currently being done at the European level (within the framework of the CRO Forum [3] to arrive at a common methodology foundation on this subject. In keeping with its CSR strategy, the Group plans to implement a process to measure this footprint in the coming years.

Note:

- in multi-risk home insurance, the offerings include cover for home equipment producing renewable energies as well as an environmentally friendly "new for old" programme for household appliances requiring replacement;
- in motor insurance, the Centaure centres enabled 18,920 trainees in 2019 to complete an eco-driving module (49% of Centaure trainees);
- in motor damage insurance, Groupama contributes to the circular economy: repairing (rather than replacing) 33.8% of bumpers and shields in 2019 (on cars insured by Groupama and Gan);
- Groupama has partnered with Exo Expert to support the development of drones in risk protection and the deployment of new services for 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;
- multi-risk weather (MRW) insurance remains the main tool for crop protection: in France, more than half of the surfaces are covered by Groupama's MRW insurance (2.6 million ha);
- Groupama is the leader in insurance and prevention on methanisation activities, with 60% of French methanisation units insured;
- 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 notion of environmental damage was introduced in the French Criminal Code in 2016; this cover is integrated into our environmental TPL offerings.

Storm risks and weather risks on crops (or MRW) are addressed in the Group's "Major Risks" framework.

- **Performance indicator**

Rate of change in the number of "infrequent driver" [4] motor policies in the portfolio: 751,153 policies (+2.5%/2018), or 27% of the portfolio of the regional mutuals.

- **Other indicators with an "environmental" dimension [5]**
  - number of electric vehicle policies: 11,960, including 9,511 in the regional mutuals (+16%/2018) and 2,449 at Amaline (+20%/2018);
  - number of corporate environmental TPL polices: 889 Garden policies +4.5%/2018; and environmental cover in corporate TPL: presence in approximately 2,900 policies.

4.2.2.5 Societal commitments to sustainable development

Our Group and its companies have long been immersed in and attentive to the local ecosystem. This is part of our DNA. The risk of negative impacts on the territories is not significant for Groupama.

Our ambition is to be a key player in our territories by pursuing a strong regional policy of partnerships/philanthropy with the local ecosystem by remaining the leading insurer for small and medium-sized communities and by continuing to open branches and management sites in the regions. Groupama is also the insurer for all agricultural needs.

(1) Full Time Equivalent.
(2) Third-Party Liability.
(3) Chief Risks Officers Forum.
(4) Less than 8,000 or 10,000 km.
(5) With environmental characteristics or environmental objectives.

The mutualist territorial network is led in particular by the local network consisting of elected representatives, who interact with policyholders and players in the territories. The Group promotes this mutual insurance dynamic by developing training for elected representatives, especially in territorial intelligence, by encouraging them to share good practices with each other, and by optimising discussions with employees, in particular those responsible for promoting mutual insurance principles and commercial development.

- **Some figures…**

€46.2 million was paid to local authorities in the form of the territorial economic distribution (CET) in 2018 (the amount for 2019 will be known in spring 2020).

€11 billion in benefits were paid in 2019 (1) to our policyholders to allow them to protect their economic activity and their family life.

For employment, the Group and its companies represent 25,000 employees throughout France, and recruitment events are organised each year (in 13 major cities in both 2018 and 2019).

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 €601 million overall, including €60 million collected in 2019. The regional mutuals are reinsured by the national mutual, Groupama Assurances Mutuelles.

- **Significant territorial philanthropy…**

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. Almost all of the Group's companies thus engage in local societal actions/partnerships. Companies favour certain themes. Examples include entrepreneurship, disability initiatives, solidarity, culture and heritage, the environment, cinema, and prevention. In 2019, a significant philanthropy initiative was developed on cycling in the territories.

The amount of societal philanthropy in 2019 was €7 million,

- including €1.1 million for the fight against rare diseases (research, support for associations, medical information, with the Groupama Foundation and the regional mutuals). The "Balades solidaires" (Solidarity Walks) and events organised in 2019 also raised €350,000;
- including €560,000 in support for cinema (support for young creators and distribution as well as the Cinémathèque française with the Gan Foundation).

The website groupama.fr launched the section www.lavraievie.groupama.fr as a true external showcase of the actions in the territories concretely promoting mutual insurance.

4.2.2.6 Fight against corruption, influence peddling, money laundering, terrorist financing, and tax evasion

At the Group level, the global implementation of anti-corruption measures as well as measures against money laundering and terrorist financing (AML/CFT) is managed by the Group Compliance Department with the assistance of the Group Legal Department and the Group HR Department.

The "Sapin 2" law of 9 December 2016 on transparency, the fight against corruption, and modernisation of the economy came into force on 1 June 2017. It establishes a general obligation of prevention (before criminal offences are committed) against corruption risks for companies with more than 500 employees and their subsidiaries located in France or abroad. This obligation requires the operational implementation of eight specific measures.

Groupama has a Code of Conduct appended to the internal bylaws and has deployed an ethics whistleblowing system.

Upon completion of the approval process by the staff representative bodies, all employees were informed of the elements appended to the internal bylaws, namely regarding the following measures:

- the ethics charter, which 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 whistleblowing system and the corresponding disciplinary measures for violating these rules;
- the ethics whistleblowing system in place (with each company of the Group), which concerns the right of all collaborators (employees, officers, or general agents as well as external and occasional collaborators) to use a dedicated secure 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 apply to all Group companies, both French and international.

In 2019, the Group incorporated modules specifically aimed at combating corruption and influence peddling for all its employees, including those most at risk (specialised modules according to activities), into its training programme.

The steering and monitoring of this work will continue in 2020 and 2021.

(1) The exact figure is €10.993 billion, including €9.3 billion in France, combined scope (France and International), excluding claims management costs.

The fight against money laundering and terrorist financing is also an important issue for the Group's companies subject to such regulations. The system is managed by the Group through a network of designated AML/CFT managers in all these entities.

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 exposed to these risks, and defines the methods and conditions for exchanges of information required for due diligence.

The Group Legal Department ensures dedicated legal and regulatory monitoring as well as interpretation of standards/sanctions.

The Compliance Department is responsible for managing the Group's AML/CFT framework.

In this context, its role is to:

- define the AML/CFT risk management policy;
- ensure the operational deployment of procedures and corresponding tools;
- devise the permanent control plan and verify its implementation in order to have a centralised view of risk management.

To this end, the Compliance Department manages the network of the above managers.

Reports are regularly made to the Senior Management of Groupama Assurances Mutuelles and to the Group's governance bodies.

- **Performance indicator**

Corruption prevention training. Number of employees trained in ethics and anti-corruption through e-learning: 15,023, or 67.85% of the workforce.

AML/CFT training. Number of people trained (employee awareness): 4,663-training courses completed in 2019.

These training courses were implemented starting in early 2019.

Lastly, with regard to taxes, Groupama Gan Vie, the Group's life insurance subsidiary, does not engage in business with customers who are not French taxpayers in the course of its business activities. However, the Company's distribution processes have provided for, through its sales support tools deployed in the distribution networks, the identification of tax-delinquent customers in order to comply with the FATCA and CRS [1] regulations.

4.2.3 ADAPTING TO CLIMATE CHANGE: THE GROUP'S ECOLOGICAL FOOTPRINT

This is a CSR topic imposed on all players. In connection with 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 (including employees [2]. The Group has voluntarily set a goal of reducing carbon emissions from its operations by 15% between 2013 and 2021.

In its organisation, the levers pertain to energy consumption, business travel (including the fleet purchasing policy), and paper consumption. The Group's CSR team drives this objective by sharing information, by promoting community actions, in particular by sharing good practices (*e.g.* regarding mobility, decarbonisation initiatives, etc.), and in liaison with the Logistics WG led by Groupama Supports & Services and including the regional mutuals.

Given that our business is in the service field, the direct impacts of the Group's companies on the environment are limited: our businesses do not constitute threats to biodiversity, water, or soil use.

In terms of environmental protection, our employees are regularly informed of environmental issues, in particular through the European Sustainable Development Week, and communication/awareness efforts continue in the Group's companies through various actions: educational information, CSR workshops, green team building, challenges, eco-driving awareness campaigns, and the establishment of carpooling in certain entities. The Group's companies have set up hives and urban gardens, and some are promoting direct distribution with sales from local producers (Granvillage) on their sites.

The development of pull printing – badge recognition at printers – allows for more reasonable printing management, and the use of remote dialogue/meeting tools available to the employees of the companies – Hub Agile and Vydio (on the workstation) – reduces travel.

In addition, our data centres in Bourges and Mordelles abide by the Green Grid best practices – optimisation of energy consumption.

(1) FATCA, the US regulation to combat tax evasion by US citizens and residents; CRS: multilateral agreement with most OECD member countries on the automatic exchange of financial account information.

(2) The indirect impacts associated with offerings, investments, or purchases are discussed in part 4.2.2.

Note that the three new buildings at Groupama Campus in Nanterre were restored in 2017–2018 as part of a renovation project in keeping with the HQE® (June 2015 reference standard) and BREEAM (*e.g*. LED lighting with presence detection including for two thirds of the parking lights, optimised water management, etc.) initiatives. In terms of operating property, the Campus buildings (WP6 in 2019) and new works will be part of this dynamic.

Note that Groupama Immobilier, in WP6, was the first Property Asset Manager to receive ISO 14001 certification in 2018, which was renewed in 2019. Knowledge of its carbon impact allows it to improve its overall performance (including that of its businesses and that of its assets).

4.2.3.1 Circular economy

(a) 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 of the Group's entities (in 2017–2018, the Campus, Bordeaux, and Astorg sites).

The "Happy Cleanings" operations carried out by the companies moving to Nanterre mobilised the employees to collect and recycle 163 tonnes of paper over the 2017–2018 period [1]. The moves in 2019 resulted in the collection and recycling of an additional 25 tonnes [2]. In addition, furniture and supplies have also been donated to charities for reuse and recovery. A "Happy Cleaning Days" event was held in 2019 at Groupama Centre Manche while improvements were being made to the space (Ré-Unis collaborative approach, nearly 10 tonnes collected and 7 tonnes of paper/cardboard recycled). Eco-talent workshops were organised at the Groupama Nord-Est sites as well as a Zero Plastic project for Groupama Asigurari employees (Romania).

Note that Groupama Immobilier is also a founding member of the Circolab charity alongside other insurers. The members of Circolab [3] wish to form a community of public and private players engaged in the circular economy within the property industry. The aim is to change regulations to promote the reuse of materials in construction.

(b) Fight against food waste

The Group's entities themselves do not handle food services for employees (subcontracted corporate catering or restaurant vouchers). However, companies are putting in place actions to combat food waste, such as poster campaigns and awareness-raising events during the European Sustainable Development Week.

(c) Sustainable use of resources

Paper consumption

Thanks to digitisation and the deployment of pull printing, paper consumption continues to decrease (-7.1% compared with 2018), with office paper requesting the largest share at -14.1%.

Energy consumption

With an overall decrease in total energy consumption of -7.6%, the largest differences were found in heat and chilled water, at -39.9% and -7.5% respectively. These changes are explained by the continued relocation of several of the Group's entities to more energy-friendly properties.

The main energy sources, electricity and gas, also decreased significantly by -5.5% and -6.5% respectively.

After a slight increase in energy consumption per FTE in 2018, the Group resumed a decrease in its consumption, with a difference of -15.5% between 2013 and 2019.

Business travel

During the year, the number of kilometres, across all types of transport, decreased by 2.99%, particularly in air travel, which had a decrease in km of 13.5%. The switch to trains explains the increase of approximately 13.2% in this mode of transport.

Cars remain the largest "consumer" of km, which is explained by the very activity of the Group and the large proportion of salespeople in the workforce. However, it should be noted that this mode of transport also decreased by -4.8% in number of km due in particular to Company reorganisations (Gan Assurances, Groupama Sigorta).

(1) Source: Groupama Supports & Services, 2018 final results.
(2) Source: idem, results reported in early 2020.
(3) http://circolab.eu/

4.2.3.2 Climate change and biodiversity protection

This is a CSR topic and not a risk for our organisation. Reducing carbon or greenhouse gas emissions helps combat climate change and preserve the environment.

Change in CO_2 emissions

The Group resumed a marked decrease in its CO_2 emissions in 2019, with 44,776.918 t CO_2-eq, compared with 48,340.519 CO_2-eq in 2018. Scope 2 (electricity, heat, chilled water) had the largest decrease at -12%. Scope 3 (non-owned cars, air, train) also decreased significantly by -6.4%.

Non-owned cars continue to be represented in the share of CO_2 emissions by far.

The Group's annual CO_2 emissions should be viewed in comparison with the carbon stock and emissions prevented by the forest assets of Groupama, France's number 2 private forest owner – *see box below*.

Group carbon footprint indicator

- CO_2 emissions in 2019/2018: -7.37%;
- CO_2 emissions in 2019/2013: -13.99%.

The Group has voluntarily set an ambitious medium- and long-term goal to reduce its carbon emissions: -15% between 2013 and 2021 (see Group CSR Strategy).

Groupama's forests. *Data for 2019 [1]:*

Forest carbon stock: stable at 10 million t of CO_2 over 20,933 ha [2].

Annual increase in CO_2 stored (balance between planting and cutting + storage of biomass): +353,162 t, an increase of 0.25% compared with 2018.

CO_2 emissions avoided: 75,570 t by the use of traded timber (39,658 t in 2018).

(1) Source: EcoAct and If Consultants for Société Forestière Groupama.
(2) The exact figure is 10,063,895 t of CO_2.

4.2.4 TABLES AND NOTE

4.2.4.1 List of entities taken into account in the consolidation scope of the DEFP(1)

Entity (country)	Information provided for this entity
Property businesses* **	Social
Amaline Assurances	Social, environmental and societal
Bask Groupama Emeklilik (Turkey)* **	Social, environmental and societal
Bask Groupama Sigorta (Turkey)* **	Social, environmental and societal
Gan Assurances	Social, environmental and societal
Gan IA Hong-Kong* **	Social
Gan Patrimoine**	Social, environmental and societal
Gan Prévoyance*	Social, environmental and societal
Groupama Antilles-Guyane**	Social, environmental and societal
Groupama Asfalltiki (Greece)* **	Social, environmental and societal
Groupama Asigurari (Romania)* **	Social, environmental and societal
Groupama Asset Management* **	Social, environmental and societal
Groupama Assicurazioni (Italy)* **	Social, environmental and societal
Groupama Assurance-Crédit & Caution*	Social, environmental and societal
Groupama Assurances Mutuelles	Social, environmental and societal
Groupama Biztosito (Hungary)* **	Social, environmental and societal
Groupama Centre-Atlantique	Social, environmental and societal
Groupama Centre Manche	Social, environmental and societal
Groupama d'Oc*	Social, environmental and societal
Groupama Épargne Salariale* **	Social, environmental and societal
Groupama Gan Vie	Social, environmental and societal
Groupama Grand Est	Social, environmental and societal
Groupama Immobilier*	Social, environmental and societal
Groupama Life Express* **	Social
Groupama Loire Bretagne*	Social, environmental and societal
Groupama Méditerranée	Social, environmental and societal
Groupama Nord-Est	Social, environmental and societal
Groupama Océan Indien	Social, environmental and societal
Groupama Outre-Mer Pacifique* **	Social
Groupama Paris Val de Loire	Social, environmental and societal
Groupama Poist'ovna a. s.* **	Social
Groupama Protection Juridique*	Social, environmental and societal
Groupama Rhône-Alpes Auvergne	Social, environmental and societal
Groupama Supports et Services* **	Social, environmental and societal
Groupama Zastrahovane (Bulgaria)* **	Social, environmental and societal
Groupama Forêts Assurances (MISSO)* **	Social
Mutuaide*	Social, environmental and societal
SPARA* **	Social
SPSE* **	Social

* *These entities have been excluded from the scope for the AML/CFT training indicator.*
** *These entities have been excluded from the scope for the corruption prevention training indicator.*

(1) *For the risk analysis aspects, only the companies operating in France have been taken into account.*

4.2.4.2 Summary of risks, topics, and key performance indicators

Main risks	Point in the text	Key performance indicators
SOCIAL: Employability/Skills adaptation	Point 4.2.2.2.	• Rate of employees trained
SOCIAL: "Working well together"	Point 4.22.2.	• Absenteeism rate
SOCIAL: Equality	Point 4.2.2.2.	• Rate of female executives • Rate of female senior executives
SOCIETAL: Quality of advice	Point 4.2.2.3.	• Rate of business in delegated or recommended management
SOCIETAL: Customer satisfaction	Point 4.2.2.3.	• Score out of 20 points • Claims management: Rate of "Very Satisfied"
SOCIETAL: Protection needs (coverage of societal issues)	Point 4.2.2.3.	• Rate of external (customers or non-customers) and internal individuals made aware of prevention actions/number of employees
SOCIETAL: Policyholder data protection	Point 4.2.2.3.	• Not available for fiscal year 2019
ENVIRONMENT: Consideration of the environment and climate in investments	Point 4.2.2.4.	• Rate of assets managed with ESG criteria
ENVIRONMENT: Consideration of the environment and climate in offerings and underwriting policy	Point 4.2.2.4.	• Rate of change in the number of "infrequent driver" policies

Other risks	Point in the text	Indicators
SOCIAL: Respect for employees	Point 4.2.2.2.	-
SOCIAL: Consideration of social impacts in the event of a site restructuring/reorganisation	Point 4.2.2.2.	-
SOCIETAL: Responsible purchasing	Point 4.2.2.3.	-
SOCIETAL: Socially responsible investments	Point 4.2.2.3.	-
SOCIETAL: Societal commitments to sustainable development (impact on territories)	Point 4.2.2.5.	-
ENVIRONMENT: Environmental impact of our organisation	Point 4.2.3.	See below

Reported CSR topics	Point in the text	Indicators
Adaptation to climate change (for our organisation)	Point 4.2.3.	• Rate of change in carbon emissions
Fight against corruption and tax evasion	Point 4.2.2.6.	• Rate of employees trained
Human rights (compliance with ILO Conventions)	Points 4.2.2.2. and 4.2.2.3.	N/A

4.2.4.3 Extra-financial data of Gan Assurances and Gan Prévoyance

Gan Assurances extra-financial performance indicators

	2019	2018
Social information		
Number of employees	1,691	1,735
of which% women	62.60%	61.30%
of which% men	37.40%	38.70%
Hires – all contracts (excluding summer fixed-term contracts), excluding mobility, transfers	397	453
of which permanent contract hires (excluding mobility, transfers)	187	185
Departures – permanent contract (excluding mobility, transfers)	167	174
% women on permanent contracts among executives	53.30%	52.40%
Number of employees with disabilities	45	46
Base average pay for December *(in euros)*	43,287	42,517
Number of work/study trainees	87	74
Rate of conversion of work/study trainees to permanent contract employees	10.80%	8%
Environmental information		
Water consumption *(in m^3)*	5,526.30	2,783
Total energy consumption *(in kWh)*	3,827,182.80	2,153,240
Total energy consumption *(in kWh per FTE)*	2,310.80	1,293.40
Travel *(in km)*	16,523,692	18,102,488
Travel *(in km per FTE)*	9,976.75	10,873.90
CO_2 emissions *(tCO_2-eq)*	2,042.9	2,551
CO_2 emissions *(tCO_2-eq)* per FTE	1.2	1.5
Total paper consumption *(in tonnes)*	315.6	355
Total paper consumption *(in kg/FTE)*	190.5	204.6
Societal information		
Number of missions carried out by preventionists	131	318
Number of individuals who received training or awareness efforts (external + internal)	387	116
Philanthropy: amounts allocated to rare diseases and non-rare diseases *(in euros)*	980,371	689,657

Gan Prévoyance extra-financial performance indicators

	2019	2018
Social information		
Number of employees	746	791
of which% women	35.90%	35.30%
of which% men	64.10%	64.70%
Hires – all contracts (excluding summer fixed-term contracts), excluding mobility, transfers	121	114
of which permanent contract hires (excluding mobility, transfers)	112	109
Departures – permanent contract (excluding mobility, transfers)	158	153
% women on permanent contracts among executives	25.20%	19.90%
Number of employees with disabilities	22	32
Base average pay for December *(in euros)*	45,349	45,101
Number of work/study trainees	1	4
Rate of conversion of work/study trainees to permanent contract employees	-	-
Environmental information		
Water consumption *(in m^3)*	193	79
Total energy consumption *(in kWh)*	548,510.70	344,222
Total energy consumption *(in kWh per FTE)*	734.7	435.20
Travel *(in km)*	16,180,140	17,224,245
Travel *(in km per FTE)*	21,674.08	21,775.30
CO_2 emissions *(tCO_2-eq)*	2,314	2,475
CO_2 emissions *(tCO_2-eq)* per FTE	3.1	3.1
Total paper consumption in tonnes	2.4	2.6
Total paper consumption *(in kg/FTE)*	322.8	330
Societal information		
Number of missions carried out by preventionists	-	-
Number of individuals who received training or awareness efforts (external + internal)	-	-
Philanthropy: amounts allocated to rare diseases and non-rare diseases *(in euros)*	2133	2,800.00

4.2.4.4 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) Reporting scope

The 39 entities included in the scope of the DPEF are detailed above and represent 100% of the workforce at 31 December 2019.

Eight entities were not included in environmental consolidation in the absence of collected information (GAN IA Hong Kong, other property subsidiaries, Groupama Outre-Mer Pacifique, and Groupama Poistovna). These same rules have been applied in the calculation of CO_2 emissions.

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: hence 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.

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.

The coverage of the collection scope

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 30 November 2019.

(b) Indicators

Choice of indicators

Starting this year, the Group has chosen to select 13 key performance indicators related to the main risks related to social, societal, environment and climate change, the fight against corruption and tax evasion. The objective of these indicators is on the one hand to monitor the commitments made by the group and on the other hand to meet regulatory requirements.

On the risk analysis aspects, only companies operating in France were taken into account in this first financial year in the "DPEF" format.

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.

Information related to respect for animal welfare and responsible, fair and sustainable food is excluded from the DPEF as it is not relevant to Groupama's activities.

(c) 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. Information related to absenteeism is reported on a rolling-year basis from December 2018 to November 2019.

(d) Data collection, consolidation and control procedures

Data collection process

The information published in the management report of the Universal Registration Document of Groupama Assurances Mutuelles is collected thanks to the contributions of the group's network of reporting correspondents.

The list of contributors to the EFPD is updated each year before the start of the campaign and training on the use of the SCOOP tool (Enablon's collection software) and the EFPD process in general are proposed by the Internal Communication and CSR Department to the contributors.

Most of the environmental and societal data is reported by the entities concerned via SCOOP, which is entirely dedicated to the CSR EFPD within the group. Social data is collected from multiple 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.

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.

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.

Concerning the professional training indicators and for the companies within the scope of management of the LMS community training tool (deployed within 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.

Data consolidation

Consolidation is carried out at group level by the Internal Communication and CSR Department. Environmental and societal data are consolidated via the SCOOP tool (Enablon) dedicated to the group.

Data control

Environmental data: the SCOOP tool incorporates automatic consistency checks to avoid input errors. It also allows to attach source files and insert explanatory comments. Each company correspondent checks the data entered before consolidation. The Internal Communication and CSR Department performs a second level of data control. The inconsistencies and errors identified are reviewed with the companies concerned and corrected as appropriate.

Social data: checks are carried out by the MOA SIPGRH of the Group HRD each month at the time of loading. Functional tests are also carried out to ensure the consistency of the results relating to staff numbers and 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 previous reporting year.

(e) Details of definitions and methods of calculation of indicators

Details on the calculation of CO_2 emissions

CO2 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 EDPF 2019 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;
- 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). The ratio used for the conversion of expenditure into euro in km is 0.23 (ADEME);
- 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. The ratio used for the conversion of expenditure into euro in km is 0.16 (ADEME).

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.
- the number of sick days does not include long illnesses;
- training rate: for this calculation, the staff of companies that have not reported information (GOM, Groupama Life, SPSE) have been removed.

Details on 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 companies.

Data on 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);
- outstanding funds and mandates classified in ESG integration: we classify in this category funds or mandates which, without being managed according to a best in class approach, include in particular two types of ESG criteria: the list of major ESG risks (controversies, etc.) as well as aspects related to the quality of governance (pillar G) of issuers in the “investment” universe. In addition, in the case of Pillar E (environmental) if the fund or the managed mandate does not set a specific target for reducing the carbon footprint, data management tools and the monitoring of its ex post exposure are available to the managers;
- the outstanding amounts of the entire monetary range classified as ESG monetary integration which systematically excludes any complex securitisation operation and any structure registered in tax havens. The ’investable’ universe is determined by a specific committee, the Monetary Committee, after taking into account the list of major ESG risks (controversies etc.) and ESG elements impacting the issuer’s global recommendation.

4.3 REPORT OF ONE OF THE STATUTORY AUDITORS ON THE DECLARATION OF EXTRA-FINANCIAL PERFORMANCE

This is a free translation of the report of one of the statutory auditors on the declaration of extra-financial performance issued in French, and is provided solely for the convenience of English speaking readers.

Report of one of the statutory auditors on the consolidated declaration of extra-financial performance contained in the management report

(Fiscal year ended 31 December 2019)

Mazars
61, rue Henri-Régnault
92075 La Défense cedex

Dear Members,

As statutory auditor of Groupama Assurances Mutuelles, we present to you our report on the consolidated declaration of extra-financial performance for the fiscal year ended 31 December 2019 (hereinafter "Declaration"), presented in the management report on a voluntary basis with reference to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105, and R. 225-105-1 of the French Commercial Code.

RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for preparing a Declaration consistent with the applicable legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented to address these risks, and the results of these policies, including key performance indicators.

The Declaration was prepared in accordance with the Company's procedures (hereinafter "Reference Source"), the significant elements of which are presented in the Declaration and available at the Company's headquarters on request.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the Code of Ethics of our profession. In addition, we implemented a quality-control system that includes documented policies and procedures to ensure compliance with the applicable laws and regulations, ethical requirements, and French professional guidance.

RESPONSIBILITY OF ONE OF THE STATUTORY AUDITORS

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a conclusion of moderate assurance regarding:

- the compliance of the Declaration with the provisions of Article R. 225-105 of the French Commercial Code;
- the truthfulness of the information provided in accordance with Article R. 225-105 I, 3° and II of the French Commercial Code, *i.e.* the results of policies, including key performance indicators, and actions relating to the main risks, hereinafter "Information".

However, it is not our responsibility to comment on the Company's compliance with other applicable laws and regulations, in particular the plan for vigilance and combating corruption and tax evasion, or on the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF WORK

Our work described below was performed in accordance with the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code, the professional guidelines of the French national institute of statutory auditors (Compagnie nationale des commissaires aux comptes) applicable to this work, as well as ISAE 3000 [(1)]:

- we took note of the activity of all the entities in the scope of consolidation and the statement of main risks;
- we assessed the appropriateness of the Reference Source in view of its relevance, completeness, reliability, neutrality, and understandability, taking into consideration, where appropriate, the best practices of the sector;
- we verified that the Declaration covers each category of social and environmental information set out in Article L. 225-102-1 III of the French Commercial Code as well as information regarding respect for human rights and compliance with laws in the fight against corruption and tax evasion;
- we verified that the Declaration presents the information required under Article R. 225-105 II where relevant in view of the main risks and, where appropriate, includes an explanation for the absence of the information required by the 2nd paragraph of Article L. 225-102-1 III;
- we verified that the Declaration presents the business model and a description of the main risks associated with the business of all the entities in the scope of consolidation, including, where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, actions, and results, including key performance indicators associated with the main risks;
- we consulted documentary sources and conducted interviews to:
  - assess the process used to select and validate the main risks and the consistency of the results, including the selected key performance indicators, in view of the main risks and policies presented,
  - corroborate the qualitative information (actions and results) that we considered the most important presented in Appendix 1. For certain risks (“Working well together” topic, “Sound advice” topic, customer satisfaction, “Protection needs” topic – coverage of societal issues, green transition in investments, green transition in offerings, policyholder data protection), our work was performed at the level of the consolidating entity and a selection of entities; for other risks, work was performed at the consolidating entity level;
- we verified that the Declaration covers the consolidated scope, *i.e.* all the entities included in the scope of consolidation in accordance with Article L. 233-16, within the limits specified in the Declaration;
- we took note of the internal control and risk management procedures implemented by the entity and assessed the data collection process to ensure the completeness and truthfulness of the information;
- for the key performance indicators and other quantitative results that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the collected data and the consistency of their changes,
  - substantive tests using sampling techniques to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was performed on a selection of contributing entities detailed in Appendix 1 and covers between 23.5% and 100% of the consolidated data selected for these tests;
- we assessed the overall consistency of the Declaration with our knowledge of all the entities in the scope of consolidation.

We believe that the work that we completed, based on our professional judgement, is sufficient to provide a basis for a conclusion of moderate assurance. A greater level of assurance would have required us to perform more extensive work.

MEANS AND RESOURCES

Our work mobilised the skills of six people and took place between October 2019 and March 2020 over a working period of 10 weeks.

We conducted a dozen interviews with the individuals responsible for preparing the Declaration, representing the CSR, Investments, Individual Savings/Pensions, Logistics Services, Technical Studies, Marketing, and Customer Distribution Departments at the headquarters and the General and Institutional Secretariat, HR, and General Services Departments at the regional mutuals.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

CONCLUSION

On the basis of our work, we did not identify any significant misstatement that causes us not to believe that the declaration of extra-financial performance complies with the applicable regulations and that the information, taken together, is truthfully presented, in accordance with the Reference Source.

COMMENTS

Without qualifying the conclusion expressed above and in accordance with the provisions of Article A. 225-3 of the French Commercial Code, we wish to make the following comment:

- the key performance indicator relating to policyholder data protection risk is currently being defined.

Drawn up in Paris La Défense on 26 March 2020

One of the statutory auditors

Mazars

Pascal Parant	Nicolas Dusson	Edwige Rey
Partner	Partner	CSR & Sustainable Development Partner

APPENDIX 1: INFORMATION CONSIDERED AS THE MOST IMPORTANT

Qualitative information (actions and results) on the main risks

- Employability;
- "Working well together" topic;
- Diversity;
- "Sound advice" topic;
- Customer satisfaction;
- "Protection needs" topic (coverage of societal issues);
- Green transition in investments;
- Green transition in offerings;
- Policyholder data protection;
- Business ethics.

Quantitative indicators including key performance indicators

Topic	Indicator	Audited entities
Employability/Skills adaptation	■ Rate of employees trained	■ Groupama Assurances Mutuelles ■ Groupama d'Oc ■ Groupama Paris Val de Loire ■ Groupama Biztosito
"Working well together"	■ Absenteeism rate	
Diversity (Equality)	■ Rate of female senior executives ■ Rate of female executives	
Protection needs (coverage of societal issues)	■ Rate of external (customers or non-customers) and internal individuals made aware of prevention actions	
Business ethics (corruption prevention training; AML/CFT training)	■ Rate of employees trained using e-learning in ethics and the fight against corruption ■ Number of employees trained in the fight against money laundering (awareness raising)	
Customer satisfaction (customer view of Groupama as a responsible insurer; perceived quality of claims management)	■ Score out of 20 points on relationship-based criteria ■ Claims management: Rate of "Satisfied" and "Very Satisfied"	■ Groupama Assurances Mutuelles - Group Development and Services Department
"Sound advice" (Quality of advice)	■ Rate of business in delegated or recommended management	■ Groupama Gan Vie - Individual Retirement Savings Department
Green transition in investments (environmental and climate considerations in investments)	■ Rate of assets managed with ESG criteria	■ Groupama Asset Management - CSR and Long-Range Planning Department
Green transition in the offerings (and the underwriting policy)	■ Rate of change in the number of "infrequent driver" policies	■ Groupama Assurances Mutuelles - Research, Pricing, and Planning Department
Adaptation to climate change	■ Rate of change in the Group's carbon emissions	■ Groupama Assurances Mutuelles

GROUP RISK FACTORS

5

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. This presentation should also be considered in conjunction with the tables in the Group's financial statements audited by the statutory auditors.

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 that results are managed.

The risks presented below are arranged based on their significance and their category.

5.1 THE GROUP'S MAIN RISKS

5.1.1 FINANCIAL MARKET RISKS

The Group's solvency margin is particularly sensitive to conditions on the capital markets (equities, property, credit, and interest rates). Unfavourable conditions on capital markets, especially on interest rates, are likely to reduce the Group's solvency margin.

Although the Group has taken measures to limit and control the adverse effects of fluctuations in interest rates to the extent possible, *via* Asset/Liability Management within the Group's entities that seeks to calibrate the duration of assets to those of liabilities and reduce the volatility of the differential between the actual yield of the asset and the rate expected and *via* the use of hedging instruments, Groupama's growth, level of assets, expenses, losses, or financial revenues could nonetheless be materially affected, which could then significantly impact its net income and financial position.

Similarly, a widening of credit spreads could reduce the value of fixed-income securities held by the Group and increase net income 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 income from the Group's purchase of new fixed-income securities.

The financial risks to which the Group is exposed are presented below in descending order.

5.1.1.1 Interest rate risk

The Group is mainly exposed to the risk of eurozone interest rate fluctuations through its fixed-rate bond portfolio and its commitments.

The Group is exposed to decreases in interest rates, which diminishes the rate of return of its portfolios and, if this persists, reduces its margins, particularly on annuity contracts, resulting in a reduction in solvency. As of 31 December 2019, a decrease in interest rates of 50 basis points would have had a significant negative impact of 25 basis points on the Group's solvency ratio, while an increase of 50 basis points would have resulted in an increase in the solvency ratio of 14 basis points. As of 31 December 2019, the regulatory solvency ratio was 302%. Conversely, a rapid, significant, and persistent rise in interest rates would have a short-term negligible impact on the interest paid to policyholders, which could lead to redemptions on savings in euros, requiring some of the bond portfolios to be realised at a loss. This redemption risk could also eventually lead to liquidity risk in extreme circumstances, but this is limited by the large share of cash assets (5.0% of assets) and the moderate weight of assets lacking instant liquidity, such as property (5.8%) and unlisted equities (<1%), as of 31 December 2019 at the Group level. This risk of rising rates is therefore considered to be low.

As of 31 December 2019, the allocation of the Group's asset portfolio (market value data, excluding unit-linked investments, minority stakes, and repurchase agreements) was as follows:

- Bonds: 80.1%;
- Equities: 6.6%;
- Liquid assets: 5.0%;
- Property: 5.8%; and
- Others: 2.4%.

Under the current market conditions where interest rates are low, the interest rate risk is considered to be "significant" overall.

5.1.1.2 Credit risk

The Group is sensitive to the significant and generalised widening of spreads across all private and sovereign issuers. Such developments could have a significant negative impact on the Group's solvency. As of 31 December 2019, the regulatory solvency ratio was 302%.

However, the vast majority of the Group's bond portfolio consists of public and private eurozone issues, with AAA, AA, and A ratings predominating at 69.0%, BBB ratings at 27.4%, and ratings below BBB at 3.6% as of 31 December 2019. Despite the quality of these ratings, given the current context of financial markets and the global environment, the credit risk is considered "significant".

5.1.1.3 Equity risk

The Group is exposed to the risk of losses on the market value of equities due to fluctuations in financial markets (individual position of assets or reflection of wider market movements). As of 31 December 2019, equities represented 6.6% of the Group's assets in terms of economic exposure. As of 31 December 2019, a 25% decrease in the value of equities would have had a moderate impact of 7 basis points on the Group's solvency ratio, while a 25% increase in the value of equities would have resulted in an increase in the Group's solvency ratio of 5 basis points. As of 31 December 2019, the regulatory solvency ratio was 302%.

The equity risk is considered "moderate".

5.1.1.4 Property risk

The Group is exposed to property risk, presented as an insufficient return on assets (lower income and/or realised gains) or a decrease in unrealised capital gains (or an increase in unrealised losses). A decrease in returns could have a moderate impact on net income, and a decrease in unrealised gains (or an increase in unrealised losses) could directly affect the Group's solvency. As of 31 December 2019, the regulatory solvency ratio was 302%.

The Group's property assets are mainly held by subsidiaries in France. As of 31 December 2019, property assets represented 5.8% of the Group's portfolio.

The property risk is considered "moderate".

5.1.1.5 Fluctuations in exchange rates

Groupama publishes its consolidated and combined financial statements in euros. Nevertheless, Groupama is exposed to currency risk. Firstly, through its business activities and international development in regions outside the eurozone. Although the Group does business primarily in eurozone countries, about 16% of its premium income at 31 December 2019 (22% 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% of premium income 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. In addition, holding investment assets in foreign currencies such as the US dollar, the Hungarian forint, and the pound sterling exposes the Group to changes in the value of these currencies against the euro that have an impact on the Group's net income and financial position.

The currency risk is considered "moderate".

5.1.1.6 Covid-19 - April 2020

Covid-19 pandemic is an unprecedented global event of unknown magnitude and duration at this stage.

The uncertain and volatile financial environment engendered by the pandemic obliges States to take various economic and financial measures of great magnitude. Indeed, the budgetary authorities act as a "guarantor of last resort" with liquidity measures (state guarantee on loans and tax deferrals) and support measures for demand. Central banks ensure the liquidity needs of the financial system by addressing issues one after the other; bank liquidity, dollar liquidity on international markets, CT and LT loans, sovereign debt.

The near-widespread closure of borders and the introduction of lockdown measures in several countries around the world lead to a downward revision of growth prospects. In high-lockdown countries such as France and Italy, significant declines in activity are expected in the second quarter. The economic recovery that is expected to occur "mechanically", once the epidemic is stabilized, may however be impacted by prudent consumption and cautious investment behavior of the economic actors.

Recent developments in the financial markets are likely to lead to a decline in the Group's solvency ratio, which would nevertheless remain well above regulatory minima. The Group's solvency ratio (SCR) stood at 302% with transitional measure at 31 December 2019, leaving room in the event of unfavorable developments in the financial markets.

However, as the medium-term impacts of the epidemic remain uncertain and dependent on future developments, the Group's financial situation could be more affected if the epidemic becomes more serious and/or prolonged.

5.1.2 INSURANCE RISKS

The cycles associated with the non-life insurance business are of varying length. These cycles may involve the occurrence of catastrophic events at an unusual frequency or be impacted by economic conditions.

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, 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.

The new coronavirus (SARS-COV2) epidemic, responsible for respiratory infectious disease Covid-19, which began in January 2020, was declared a pandemic by the WHO on 11 March 2020. Covid-19 has also been present in France since January 2020 and is likely to impact the Group's activities and results from the first half of 2020. According to preliminary estimates, in Life and Health insurance, the health costs (consultations, hospitalizations) and the work stoppages present the most important impacts, followed by the excess mortality. In Property and Casualty insurance, , the effects could be compensated between on the one hand a significant loss on event insurance, cancellation, credit guarantee, liability and, on the other hand, the slightest claims caused by lockdown, particularly on motor insurance).

To this should also be added the impacts caused by the deterioration of the economic environment (loss of premium income and therefore of margins). Finally, beyond these impacts, the insurance sector will most likely be called upon to participate in the national solidarity effort (participation in reimbursement of screening costs, greater compensation for lockdown medical staff, etc.). In the short term, in order to best manage the consequences of this unprecedented global epidemic, the Group, as insurer and economic player, closely monitors the potential risks involved through its monitoring indicators, its governance bodies and Business Continuity Plans.

Through the diversification of its portfolio, the individual selection of risks accepted, the limitation of its exposure to risks (specifically in respect of natural disasters), the management of overlapping risks and reliance on reinsurance, Groupama significantly reduces the negative impacts of its exposure.

Insurance risks are managed in accordance with the principles and rules relating to underwriting and reserves. In particular, these principles and rules specify the cover limits and the exclusions fixed under reinsurance agreements, the monitoring of the appropriateness of the portfolio and the price level, preventive measures such as in the case of adverse climatic risks, the provision of information to insured municipalities and, where appropriate, to policyholders in order to anticipate and address such risks, the rules for managing claims, and the standards on reserves.

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 inflation of catastrophic events related to global warming, might experience major losses in the future on such risks, which would have a substantial negative impact on its financial position and net income.

The Group's main insurance risks are presented below in descending order.

5.1.2.1 Climate risk on crops

As one of the leading agricultural risk insurers on the French market, the Group is exposed to the risk of occurrence of major cumulative climate events affecting the insured crops (mainly hailstorms, floods, or droughts).

The Group, whose main expertise is agricultural insurance, insures all types of crops throughout France through its regional mutuals and also offers its expertise internationally (Turkey, Romania, and China). As of 31 December 2019, the areas covered by multi-risk climate insurance in France were divided among the following crops:

- large crops (wheat, maize, rapeseed, etc.): 93.4%;
- viticulture: 4.0%;
- vegetables: 1.8%;
- grassland: 0.8%;
- arboriculture: 0.1%.

If this risk were to materialise, a technical loss may have a direct impact on the Group's net income. However, it is mitigated by risk management measures and the effectiveness of reinsurance covers. The adopted external reinsurance scheme is based on stop-loss retention cover, supplemented by a quota share agreement. The climatic risk on crops is considered "moderate".

5.1.2.2 Storm risk

The Group is exposed to the risk of storms causing direct or indirect damage to insured property over a very short period. If this risk were to materialise, it may have a moderate impact on the Group's net income. The Group's reinsurance programme enables it to reduce its exposure to this natural risk. For example, in 2017, the exceptional climate-related claim associated with storms Irma and Maria in the Caribbean had a limited impact on the Group's income: while the gross impact of these events totalled €330 million, the actual impact on the Group after reinsurance was €38 million in the financial statements at the end of December 2017.

The storm risk is considered "moderate".

5.1.2.3 Risk of insufficient reserves

The Group is exposed to the risk of insufficient outstanding claims reserves and other technical reserves related to the non-life insurance and non-life health insurance business. The materialisation and magnitude of the risk may be influenced by internal and external factors.

The Group establishes reserves in accordance with the applicable accounting and regulatory requirements. However, these reserves do not represent a valuation of the corresponding liabilities, but rather an estimate of the amounts of claims, on a given date, using actuarial projection techniques. Claims reserves may therefore be subject to changes due to the number of variables that affect the ultimate cost of claims. These variables may be varied, such as the intrinsic change in claims, regulatory changes, trends in case law, and variations in the interest rates used to update annuity reserves. These items are not always predictable, as actual losses may differ significantly from the gross reserves initially established. Any upward or downward revaluations may therefore have an impact on net income.

Although the likelihood of materialisation of the risk is greatly reduced at the Group level due to better diversification between the business lines and the entities, the risk of insufficient technical reserves is considered "moderate".

5.1.2.4 Longevity

The Group is exposed to the risk of an increase in the duration of payment of annuities, due to an increase in the life expectancy of annuitants or future annuitants, and therefore to an increase in the actuarial reserves to be established, which has a direct impact on the underwriting income from annuity insurance products. Changes to the regulatory table used also have a moderate impact on the increase in annuity reserves.

The life expectancy risk is considered "moderate".

5.1.3 OPERATIONAL RISKS

5.1.3.1 Cyber-risk

The steady increase in the number of security incidents (attempts to hack information systems) demonstrates the potential magnitude of this emerging risk. While these attempts have not yet succeeded in compromising the systems used by the Group, cyber-risk is a pervasive risk that can result in data theft or a denial of service (saturation of systems) leading to a significant interruption of operations. In the course of its business activities, the Group has access to its customers' personal data (bank data, health data, etc.), which are protected in its systems, and the growing digitisation of its operations increases the Group's sensitivity to an attack on its information systems, which could have a significant impact on the Group's business activity and reputation.

The cyber-risk is considered "moderate".

5.1.3.2 Regulatory development risk

New laws or regulations, or changes to them, can have a significant impact on companies, business activities, or markets.

The Group's activity is subject to detailed regulation and rigorous supervision in the countries where it operates. Such regulation and supervision are subject to new regulatory or legal provisions, whether in terms of Solvency II obligations, IFRS 17 on the recognition and measurement of insurance contracts, obligations under Sapin 2, including corruption risks, or the Insurance Distribution Directive (IDD).

The Group is exposed to the risk that changes in laws or regulations, or their judicial interpretation, or new provisions may result in losses due to their negative impact on the income or performance of the Group's entities. For example, in 2017, there was a negative impact on the Group's net income of €187 million as a result of the French government's sudden withdrawal from funding the legal revaluation of life annuities.

The regulatory development risk is considered "moderate".

5.1.3.3 Reputational risk

The Group is a major economic player in France (media visibility). It insures 12 million customers, employs 31,500 people, and is linked to all sectors of economic activity in France, whether as an insurer or an investor. Its reputation may be harmed by unfavourable media coverage (articles in the press or on the Internet) or by litigation in connection with a claim. It may be threatened by defamatory information about its financial position, its management, its handling of a health crisis or natural disaster, its duty to advise, a publicised dispute, or a brand partnership.

For example, the increase in consumer programmes with a large TV/radio audience and the use of social media, where all customers can express themselves, has led to an increase in the number of publicised disputes likely to harm the confidence essential to the Group's business.

For the Group, the reputational risk is considered "moderate".

5.2 ORGANISATION OF RISK MANAGEMENT WITHIN THE GROUP

In order to better manage all the risks to which it is exposed, the Group has put in place a set of measures and risk monitoring processes managed within a global framework.

The implementation of the 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.

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.

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 II 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.

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.

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.

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 Director, the Finance Director, the Solvency II 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 ARCC 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 with the participation of the Group Legal Department. It brings together the regional mutuals, the insurance subsidiaries in France, and Groupama Supports & Services (G2S).

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 II, Pillar 2.

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.

As regards the risk management function, the Group Risk Department 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, MAITRIS, 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:

- develops 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;
- oversees 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 monitors compliance with Group policies, standards, and procedures and their effective implementation;
- identifies, assesses, oversees, and monitors the exposure to non-compliance risks (risk mapping, dashboards, risk sheets, etc.);
- assists the business lines in drafting the level 1 control plans to strengthen non-compliance risk management and draws up the corresponding level 2 control plans;
- implements and supervise, in collaboration with the Group entities, the prevention, identification, and management of conflicts of interest;
- contributes to drawing up replies to the authorities, with the Group Legal Department and entities that are concerned;
- reports on non-compliance risk management to the governance bodies of the Group and the companies.

Each Group entity also has Risk Management, Permanent Control, and Compliance functions.

In addition to these three risk management departments, departments such as Legal and Tax also contribute to the management of the risks of the Group and its various entities.

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.

The role of the Group's Tax Department is to provide information and monitor tax regulations for all of the Group's entities. It is also regularly questioned about specific technical points and is involved in preparing the end-of-year financial statements.

The Group's internal control system is supplemented with the activities of the Group General Audit Department, which conducts several types of audits:

- the general economic and financial audit of the Group's entities on a three-year basis, in addition to the operational audits conducted within the entities;
- audits on the processes of Groupama Assurances Mutuelles and on the Group's cross-functional processes; and
- audits 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.

EARNINGS AND FINANCIAL POSITION

6

6.1 MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

6.1.1 ENVIRONMENT

6.1.1.1 Macroeconomic environment

The deterioration in leading economic indicators observed since the end of 2018 led to a downward revision of medium-term growth and inflation expectations in developed economies. These downward revisions have fuelled the very accommodative stance of central bankers, which led to a sharp decrease in interest rates in both the eurozone and the United States. Developed economies are now seeing a moderate rate of growth, and the risk of a recession in the medium term is increasing.

In the eurozone, quarterly growth remains below 1% on an annualised basis. European industry is also being negatively affected by the slowdown in world trade and the recession in the automotive sector. However, household consumption continues to be supported by the improved labour market and an unemployment rate falling to 7.5% of the eurozone's working population.

Inflation remains well below the +2% target: the underlying index (excluding volatile food and energy components) is stagnant at an annual rate of around 1%. Market inflation expectations declined significantly over the year.

The slowdown in growth and the inflation situation led the European Central Bank to abandon the prospect of gradual monetary tightening. It even returned to an expansionary policy by announcing a 3rd TLTRO (Targeted Long-Term Refinancing Operations) programme, cutting the deposit rate by 10 basis points to -0.5% and resuming its asset purchase programme of €20 billion per month for an indefinite period. It is too early to assess the changes that Christine Lagarde's appointment as head of the institution could bring. However, at this stage, the market does not anticipate a major shift in this accommodative policy.

In the United States, the manufacturing sector slowed significantly throughout the year, and the ISM index reached a low point in November. The trade dispute with China has reduced visibility in many industrial sectors. GDP growth has also slowed, but it remains more robust than in Europe, decreasing from +3% on an annualised quarterly basis in the first quarter to +2% in the third. Inflation remains contained within the Federal Reserve's targets, while the labour market continues to be dynamic with unemployment well below 4% of the working population.

It was therefore mainly on the basis of expectations of deteriorating growth that the US central bank (the Fed) changed its monetary policy stance. As the Board of Governors anticipated policy rate hikes at the beginning of the year, a consensus emerged starting at the end of the first quarter to take "pre-emptive" action in view of the downturn risks. During the summer, an initial decision was taken to lower key rates and begin a new asset purchase cycle. In the second half of the year, the effective Fed Funds rate therefore decreased by 85 basis points to 1.55%, while the bank's balance sheet size further increased by $350 billion or 10%.

Although they continue to grow, emerging countries have been affected by the decline in world trade, particularly in Asia. The impact of the China-US trade war was reflected in the leading indicators of the manufacturing sector for all emerging markets. PMI indices fell to their lowest levels since 2009. However, China has been successful in managing the gradual slowdown in its growth through monetary and fiscal stimulus measures. Nevertheless, the reversal of the Fed's monetary policy remains good news for emerging markets, whose borrowing rates in local currencies and dollars are falling significantly.

6.1.1.2 Financial markets in 2019

The prospect of lasting accommodative monetary policies reinforces the decline in long rates. The search for yield is supporting risk appetite, and all asset classes are experiencing sharp inflation of their valuation.

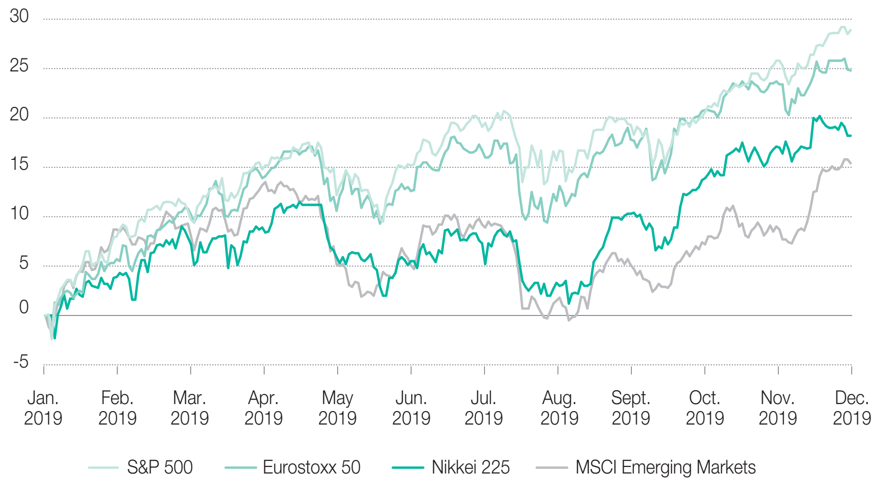
(a) Changes in equity markets

The first half of the year was marked by an equity market rebound after the sharp decline in late 2018. The rebound was triggered by an announcement by the US Federal Reserve of a premature end to its balance-sheet reduction as well as corporate earnings generally better than expected.

Indices were then supported by increasingly accommodative statements from central banks. However, this increase is taking place against the backdrop of a downward revision of corporate profit forecasts for the next 12 months. Valuation multiples are therefore rising above their long-term average.

After the summer, the favourable outcome of the China-US trade dispute and the confidence given to Boris Johnson by British voters to carry out Brexit boosted risk appetite.

PERFORMANCE OF EQUITY INDICES



Last point : 30 December 2019 - Performance without dividend in local currencies

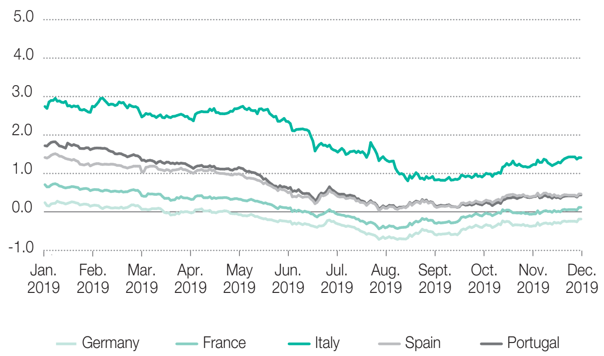
(b) Changes on interest rate markets

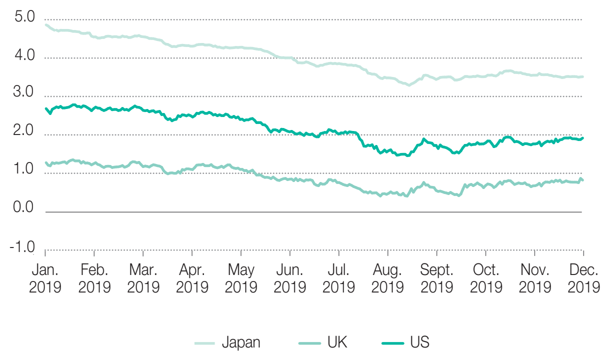
In the eurozone, rates reached historic lows at the end of the summer following the ECB's announcements to resume asset purchases and cut policy rates. The search for yield contributed to the flattening of curves on the long parts exceeding 10 years. The 10-year OAT yield was close to 0% at the end of the year after a low of -0.43% at the end of August. The Italian spread narrowed significantly due to the end of the Five Star Movement and Northern League coalition, eased tensions with the European Union, and the search for bond yields in an environment of very low interest rates.

US yields also fell very significantly over the year with a parallel movement of the entire sovereign curve of approximately 90 basis points following the Fed's statements. The 10-year Treasury note reached equilibrium at levels slightly below 2% in December.

However, the end of the year saw a slight rebound in all yields, thanks in particular to prospects of a trade agreement between the United States and China and more positive macroeconomic news in the eurozone.

SOVEREIGN 10-YEAR YIELDS, %

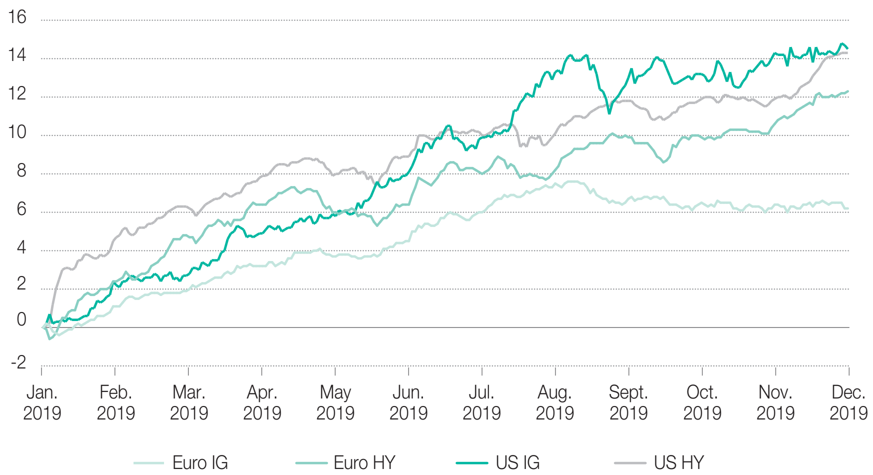




(c) Changes on credit markets

In the eurozone, premiums on investment-grade credit remain stable, and the performance of indices is mainly tied to the decrease in yields. High-yield bonds are largely benefiting from a renewed risk appetite with risk premiums that have contracted significantly. However, these contractions remain proportionally weaker than those observed in previous announcements of monetary easing due to a less favourable credit environment (increased corporate levers, less free cash flow, lower margin levels).

PERFORMANCE OF CREDIT INDICES



Bloomberg Barclays coupons reinvested indices

6.1.2 SIGNIFICANT EVENTS OF FISCAL YEAR 2019

6.1.2.1 Financial Strength

(a) Financial rating

On 20 June 2019, Fitch Ratings raised the Insurer Financial Strength (IFS) ratings of Groupama Assurances Mutuelles and its subsidiaries to “A” and maintained the outlook associated with these ratings at “Positive”.

(b) Subordinated instruments

On 16 September 2019, Groupama issued subordinated instruments with a maturity of 10 years for a total of €500 million with an annual coupon of 2.125%. 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.

On 27 October 2019, Groupama proceeded with the early redemption of its redeemable subordinated bonds issued in 2009 for €500 million, at the first redemption date, in accordance with Article 5 of the terms and conditions of the bonds.

6.1.2.2 Business activities

(a) Partnerships

In early January 2019, Orange and Groupama signed an agreement to create a joint venture called Protectline, operating in remote surveillance of property. 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.

At the end of January 2019, Groupama partnered with MiiMOSA, the first crowdfunding platform dedicated to agriculture and food, to offer a financing solution to its agricultural members.

At the beginning of April 2019, the Groupama group entered into a partnership with WINCHApps to offer a fully digital individualised social review to its corporate savings and pensions customers.

On 5 November 2019, the Groupama group partnered with Paylead to enable its member customers to save for their retirement effortlessly. By signing this partnership with Paylead, a specialist in banking data, the Groupama group is affirming its innovation policy around retirement products.

On 17 December 2019, the Groupama group and Milleis Banque announced the signing of a partnership dedicated to wealth management customers. This agreement aims to offer Groupama's wealth management customers access to the private banking services offered by Milleis Banque, an independent player in asset management in France. The partnership with Milleis Banque adds to the services already offered to customers and members in France, giving them access to a wide range of products and solutions with various risk profiles.

On 19 December 2019, La Banque Postale and the Groupama group announced the signing of a memorandum of understanding for La Banque Postale to acquire Groupama's 35% stake in La Banque Postale IARD and the extension of their cooperation in the areas of legal protection and assistance.

(b) Amaline

Amaline's insurance portfolio was transferred to the regional mutuals, with this residual structure becoming an insurance broker. The entity's plan is to develop the partnership activity.

(c) Property

On 3 October 2019, the Groupama group announced the sale of 79, avenue des Champs-Élysées by its subsidiary Groupama Immobilier to the Norwegian sovereign wealth fund Norges Bank Investment Management for €613 million. This transaction is emblematic of the Group's property asset valuation work and its property strategy.

(d) Socially responsible investment strategy

As a mutual insurer and responsible investor, the Groupama group places climate change at the heart of its commitments.

At the end of April 2019, the Groupama group and Natixis innovated with a unit-linked product committed to the energy transition. As part of a proactive approach to combating global warming, Natixis and Groupama Gan Vie, a subsidiary of the Groupama group, have partnered to launch the first green debt instrument, 100% committed to the energy transition.

On 19 September 2019, the Groupama group, Crédit Agricole Assurances, and the Banque des Territoires announced the signing of an agreement under which the Banque des Territoires and Groupama will acquire a stake in Prédica Energies Durables (PED), a subsidiary of Crédit Agricole Assurances dedicated to investments in renewable energy production assets, alongside Engie, a leader in solar and wind energy production in France.

(e) Acquisition

On 31 October 2019, the Groupama group announced the acquisition by its Bulgarian subsidiary Groupama Zhivotozastrahovane of the life insurance company Express Life Insurance from DSK Bank EAD & Expressbank AD, subsidiaries of OTP Bank Plc. The Express Life Insurance integration process is expected to be completed in 2020. With this transaction, Groupama is expected to double its market share in Bulgaria and reach the number 3 position in the borrower insurance segment and the number 5 position in the life accident insurance sector.

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)*	31.12.2018	31.12.2018 pro forma	31.12.2019	Actual change	Like-for-like change
Property and casualty insurance – France	5,621	5,621	5,755	2.4%	2.4%
Groupama Gan Vie	3,919	3,919	4,004	2.2%	2.2%
Life and health insurance in France – excluding Groupama Gan Vie	2,016	2,016	2,097	4.0%	4.0%
Total Insurance – France	**11,556**	**11,556**	**11,857**	**2.6%**	**2.6%**
Property and casualty insurance – International	1,768	1,675	1,623	-8.2%	-3.2%
Life and health insurance – International	770	737	734	-4.7%	-0.4%
Total Insurance – International	**2,537**	**2,413**	**2,357**	**-7.1%**	**-2.3%**
Banking and financial businesses	169	169	168	-1.0%	-1.0%
Total – Groupama	**14,263**	**14,138**	**14,381**	**0.8%**	**1.7%**
Total Insurance	**14,094**	**13,969**	**14,213**	**0.8%**	**1.7%**
Property and casualty insurance	7,388	7,296	7,377	-0.1%	1.1%
Life and health insurance	6,705	6,673	6,836	1.9%	2.4%

2018 pro forma data:

The restatement of certain data from 31 December 2018 was necessary to allow changes between the two periods to be compared and analysed.

- In France, Amaline's 2018 premium income was pro forma to take into account the portfolio transfer to the regional mutuals (impact: €3 million in life and health insurance and €71 million in property and casualty insurance).

- In Turkey, a pro forma was done to take into account the end of a major partnership (impact: -€23 million in life and health insurance and -€64 million in property and casualty insurance).

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 2018 were converted based on the exchange rate at 31 December 2019.

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 2019 and the actual data at 31 December 2018, converted at the average exchange rates at 31 December 2019.

At 31 December 2019, Groupama's combined premium income from insurance increased +1.7% to €14.2 billion on a like-for-like basis (+0.8% in actual data) compared with 31 December 2018. Including the financial businesses, the Group's combined premium income was up +1.7% on a like-for-like basis (+0.8% in actual change) at €14.4 billion.

The Group's property and casualty insurance premium income increased +1.1%, including +2.4% in France and -3.2% for International. The business is supported by insurance for businesses and local authorities (+3.3%), which benefits from the growth of the fleet segment (+3.0%) and the business and local authorities casualty (+3.5%) segment. The good performance of the agricultural business lines (+1.3%) should also be noted. Growth in the assistance business (+16.3%) in France is reinforcing this trend. Insurance for individuals and professionals fell -0.3%, masking a +2.9% increase in home insurance and a -2.1% decrease in passenger vehicle insurance.

Life and health insurance premium income grew by +2.4% at 31 December 2019. Groupama Gan Vie, which supports the savings/pensions business in France, enjoyed a +2.2% increase in premium income over the period. Other life and health insurance businesses in France also increased +4.0%. This is explained mainly by the growth of health insurance (individual and collective: +3.4%) and municipal staff insurance (+10.8%). International life and health insurance premium income was down -0.4% due to the decline in individual savings/pensions (-2.9%), although the good performance of the health insurance segment (individual and group: +13.7%) dampened this trend.

Insurance premium income in France represented 82.4% of the Group's overall business over the period, whereas international insurance premium income amounted to 16.4% of total premium income. The Group's other businesses (financial businesses) represented 1.2% of total premium income. Net banking income from these businesses amounted to €152 million at 31 December 2019.

Economic operating income *(in millions of euros)*	**31.12.2018**	**31.12.2019**	**Change in value**	**Change%**
Property and casualty insurance – France	59	223	164	>100%
Life and health insurance – France	252	339	87	34.5%
Total Insurance – France	**310**	**561**	**251**	**81.0%**
Property and casualty insurance – International	13	(110)	(123)	<-100%
Life and health insurance – International	30	14	(16)	-53.3%
Total Insurance – International	**43**	**(96)**	**(139)**	**<-100%**
Banking and financial businesses	34	38	4	11.8%
Holding company activities	(89)	(90)	(1)	-1.2%
Total – Groupama	**298**	**413**	**115**	**38.6%**
Property and casualty insurance	72	113	41	56.9%
Life and health insurance	282	353	71	25.2%

The Group's economic operating income totalled €413 million at 31 December 2019 compared with €298 million at 31 December 2018.

Economic operating income from insurance was +€466 million in 2019, up +€112 million from 2018.

The financial statements are prepared against a financial backdrop still marked by a low-interest rate environment. In this context, which creates an increasingly strong distortion between the economic cost of insurance liabilities and the real return on the assets representing these liabilities and, consequently, extra caution in the valuation of liabilities, the Group decided, in its combined financial statements, to extend the application of a cautiously estimated rate of return on assets for the discounting of all its non-life annuity preserves (deferred or in service) starting on 1 January 2019. This measure makes it possible to strengthen the funding of reserves for the business internationally and in the weather insurance segments side by side.

Economic operating income from life and health insurance totalled +€353 million in 2019 *versus* +€282 million in 2018 (+€87 million in France and -€16 million internationally). In France, this increase was mainly due to the improved underwriting margin with a net combined ratio of the health and personal injury insurance businesses improving by -3.1 points to 93.1%.

In property and casualty insurance, economic operating income amounted to +€113 million compared with +€72 million at 31 December 2018 (+€164 million in France and -€123 million internationally). The net combined ratio in non-life insurance was thus 97.0% in 2019 *versus* 99.3% in 2018 (-2.3 points). This difference is related to a change in the estimation in the IFRS financial statements corresponding to the expansion of the discount of non-life annuity reserves on the basis of a prudently estimated rate of return on assets. In addition, the other main changes were:

- the attritional loss experience of 59.9% (-0.9 points) with an improvement in France (-1.2 points to 60.3%) and a decline in international subsidiaries (+0.4 points to 57.8%);
- a decrease in the cost of serious claims (-0.6 points): -0.5 points in France and -0.1 points internationally;
- an increase in the cost of weather claims (+1.1 points) both in France, with a 2019 affected by crops, storms, and natural disasters, and internationally.

Banking and financial businesses contributed +€38 million to the Group's economic income in 2019. The Group's holding activity posted economic operating income of -€90 million in 2019, compared with a loss of -€89 million in 2018.

The Group's net income totalled +€345 million at 31 December 2019 compared with +€450 million at 31 December 2018. The non-recurring financial margin decreased by -€27 million. It includes capital gains of €354 million from the sale of a property in Paris, while 2018 was marked by the sale of a property in La Défense, ultimately resulting in an equivalent level of capital gains.

The 2019 income also includes:

- other non-recurring expenses related to various operations amounting to -€36 million as well as the equity-method result of Orange Bank for -€63 million (*versus* -€59 million in 2018);
- impairment of goodwill of the Italian subsidiary (-€102 million) and Orange Bank (-€81 million);
- the result of discontinued businesses of -€4 million corresponding to La Banque Postale's result.

(in millions of euros)	31.12.2018	31.12.2019
Economic operating income	**298**	**413**
Net capital gains realised[(1)]	351	354
Allocation to reserves for long-term impairment[(1)]	(7)	(71)
Gains or losses on financial assets recognised at fair value[(1)]	(25)	9
Other expenses and income	(109)	(110)
Financing expenses	(57)	(63)
Net income from discontinued business activities	(2)	(4)
Goodwill impairment	0	(183)
NET INCOME	**450**	**345**

(1) Amounts net of profit sharing and corporate tax.

6.1.4.2 Summary of activity and income

Premium income *(in millions of euros)*	31.12.2018	31.12.2018 pro forma	31.12.2019	Actual change	Like-for-like change
Property and casualty insurance – France	3,391	3,391	3,466	2.2%	2.2%
Groupama Gan Vie	3,919	3,919	4,012	2.4%	2.4%
Life and health insurance in France – excluding Groupama Gan Vie	629	629	651	3.6%	3.6%
Total Insurance – France	**7,939**	**7,939**	**8,129**	**2.4%**	**2.4%**
Property and casualty insurance – International	1,768	1,675	1,623	-8.2%	-3.2%
Life and health insurance – International	770	737	734	-4.7%	-0.4%
Total Insurance – International	**2,537**	**2,413**	**2,357**	**-7.1%**	**-2.3%**
Banking and financial businesses	173	173	172	-0.8%	-0.8%
Total Groupama	**10,650**	**10,525**	**10,657**	**0.1%**	**1.3%**
Total Insurance	**10,477**	**10,352**	**10,486**	**0.1%**	**1.3%**
Property and casualty insurance	5,159	5,067	5,089	-1.4%	0.4%
Life and health insurance	5,318	5,285	5,397	1.5%	2.1%

2018 pro forma data:

The restatement of certain data from 31 December 2018 was necessary to allow changes between the two periods to be compared and analysed.

- In France, Amaline's 2018 premium income was pro forma to take into account the portfolio transfer to the regional mutuals (impact: €3 million in life and health insurance and €71 million in property and casualty insurance).

- In Turkey, a pro forma was done to take into account the end of a major partnership (impact: -€23 million in life and health insurance and -€64 million in property and casualty insurance).

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 2018 were converted based on the exchange rate at 31 December 2019.

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 2019 and the actual data at 31 December 2018, converted at the average exchange rates at 31 December 2019.

At 31 December 2019, Groupama's consolidated premium income from Insurance increased +1.3% to €10.5 billion on a like-for-like basis (+0.1% in actual data) compared with 31 December 2018. Including financial businesses, the Group's consolidated premium income was up +1.3% on a like-for-like basis (+0.1% in actual change) at €10.7 billion.

The Group's property and casualty insurance premium income increased +0.4%, including +2.2% in France and -3.2% for International. The business is supported by insurance for businesses and local authorities (+3.3%), which benefits from the growth of the fleet segment (+2.0%) and the business and local authorities casualty (+4.3%) segment. The good performance of the agricultural business lines (+1.6%) should also be noted. Growth in the assistance business (+16.3%) in France is reinforcing this trend. Insurance for individuals and professionals fell -1.7%, masking a +2.7% increase in home insurance and a -3.8% decrease in passenger vehicle insurance.

Life and health insurance premium income grew by +2.1% at 31 December 2019. Groupama Gan Vie, which supports the savings/pensions business in France, enjoyed a +2.4% increase in premium income over the period. Other life and health insurance businesses in France also increased +3.6%. This is explained mainly by the growth of health insurance (individual and collective: +2.8%) and municipal staff insurance (+11.0%). International life and health insurance premium income was down -0.4% due to the decline in individual savings/pensions (-2.9%), although the good performance of the health insurance segment (individual and group: +13.7%) dampened this trend.

Insurance premium income in France represented 76.3% of the Group's overall business over the period, whereas international insurance premium income amounted to 22.1% of total premium income. The Group's other businesses (financial businesses) represented 1.6% of total premium income. Net banking income from these businesses amounted to €152 million at 31 December 2019.

Economic operating income *(in millions of euros)*	**31.12.2018**	**31.12.2019**	**Change in value**	**Change%**
Property and casualty insurance – France	66	197	131	>100%
Life and health insurance – France	128	186	58	45.3%
Total Insurance – France	**194**	**383**	**189**	**97.4%**
Property and casualty insurance – International	13	(110)	(123)	<-100%
Life and health insurance – International	30	14	(16)	-53.3%
Total Insurance – International	**43**	**(96)**	**(139)**	**<-100%**
Banking and financial businesses	34	38	4	11.8%
Holding activities	(89)	(91)	(2)	-2.2%
Total – Groupama	**182**	**234**	**52**	**28.6%**
Property and casualty insurance	79	87	8	10.1%
Life and health insurance	158	200	42	26.6%

The Group's economic operating income totalled €234 million at 31 December 2019 compared with €182 million at 31 December 2018.

Insurance economic operating income amounted to +€287 million in 2018, up €50 million compared with 2018.

Economic operating income from life and health insurance totalled +€200 million in 2019, an increase of €42 million over the period (+€58 million in France and -€16 million internationally). In France, this increase was mainly due to the improved underwriting margin with a net combined ratio of the health and personal injury activities improving by -1.9 points to 98.8%.

In property and casualty insurance, economic operating income amounted to +€87 million compared with +€79 million at 31 December 2018 (+€131 million in France and -€123 million internationally). The net non-life combined ratio was thus 98.5% in 2019 *versus* 100.1% in 2018 (-1.6 points). This difference is related to a change in the estimation in the IFRS financial statements corresponding to the expansion of the discount of non-life annuity reserves on the basis of a prudently estimated rate of return on assets. In addition, 2019 was marked by an increase in the cost of weather claims both in France, affected by crops, storms, and natural disasters, and internationally. Conversely, there was a decrease in the expense of serious claims.

Banking and financial businesses contributed +€38 million to the Group's economic income in 2019. The Group's holding activity posted economic operating income of -€91 million in 2019, compared with a loss of -€89 million in 2018.

The Group's net income totalled +€104 million at 31 December 2018 compared with +€319 million. The non-recurring financial margin decreased by -€61 million. It includes capital gains of €297 million from the sale of a property in Paris, while 2018 was marked by the sale of a property in La Défense, ultimately resulting in an equivalent level of capital gains.

The 2019 income also includes:

- other non-recurring expenses related to various operations amounting to -€20 million as well as the equity-method result of Orange Bank for -€63 million (*versus* -€59 million in 2018);
- impairment of goodwill of the Italian subsidiary (-€102 million) and Orange Bank (-€81 million);
- the result of discontinued businesses of -€4 million corresponding to La Banque Postale's result.

(in millions of euros)	31.12.2018	31.12.2019
Economic operating income	**182**	**234**
Net capital gains realised[1]	287	297
Allocation to reserves for long-term impairment[1]	(3)	(67)
Gains or losses on financial assets recognised at fair value[1]	(2)	(9)
Other expenses and income	(86)	(102)
Financing expenses	(57)	(63)
Net income from discontinued business activities	(2)	(4)
Goodwill impairment	0	(183)
NET INCOME	**319**	**104**

(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)*	31.12.2018 pro forma			31.12.2019		
	L&H	P&C	Total	L&H	P&C	Total
Groupama Assurances Mutuelles	482	1,783	2,264	501	1,832	2,333
Groupama Gan Vie	3,919		3,919	4,012		4,012
Gan Assurances	142	1,280	1,421	145	1,266	1,410
Other entities[1]	5	329	335	6	368	374
TOTAL	**4,548**	**3,391**	**7,939**	**4,663**	**3,466**	**8,129**

(1) including Assu-Vie.

Insurance premium income in France at 31 December 2019 increased by +2.4% compared with 31 December 2018 and totalled 8,129 million.

(a) Property and casualty insurance

Insurance premium income *(in millions of euros)*	P&C – France 31.12.2018 pro forma	31.12.2019	Change%
Groupama Assurances Mutuelles	1,783	1,832	2.8%
Gan Assurances	1,280	1,266	-1.1%
Other entities	329	368	11.9%
TOTAL	**3,391**	**3,466**	**2.2%**

Property and casualty insurance premium income (42.6% of premium income in France) increased +2.2% to €3,466 million at 31 December 2019. Insurance for individuals and professionals increased +0.8% over the period to €2,018 million (nearly 60% of written premiums in property and casualty insurance). The growth of the passenger vehicle insurance (up +0.62% to €915 million) and home insurance (up +2.1% to €639 million) segments explains this change. Insurance for businesses and local authorities (€505 million and 15% of the portfolio) rose by +2.4%, driven especially by the good performance of the fleet segment (+2.7% to €256 million). The development of the assistance business (+28 million) also contributed to the increase in premium income from property and casualty insurance.

For Groupama Assurances Mutuelles, property and casualty insurance premium income totalled €1,832 million at 31 December 2019, an increase of +2.8%, driven mainly by insurance for individuals and professionals (+2.7%), which benefited from the growth of the passenger vehicle insurance (+2.4%) and home insurance (+2.1%) segments.

Premium income for Gan Assurances decreased -1.1% to €1,266 million at 31 December 2019. This decrease stems from the gradual redirection of the Gan Assurances portfolio (development on the professional insurance market, more selective approach to certain risks (non-resident owner, construction, etc.)).

Groupama Assurance-Crédit & Caution posted premium income of €45 million at 31 December 2019, up +10.6% from the previous period, boosted in particular by the development of new business.

Mutuaide Assistance's premium income at 31 December 2019 was up +16.3% at €199 million. This change was notably related to the development of new business (including the contribution of new policies by brokers in travel insurance) and the increase in business with a major partner.

Société Française de Protection Juridique's premium income grew by +6.0% to €124 million at 31 December 2019 due to the development of partnerships.

Economic operating income in property and casualty insurance in France totalled €197 million in 2019 compared with €66 million at 31 December 2018. It is presented as follows:

Property and casualty insurance in France *(in millions of euros)*	**31.12.2018**		**31.12.2019**		**2019-2018 change**	
Gross earned premiums	3,377	100.0%	3,467	100.0%	90	2.7%
Underwriting expenses (policy servicing) – excluding claims management costs	(2,072)	-61.4%	(2,043)	-58.9%	29	1.4%
Reinsurance balance	(278)	-8.2%	(133)	-3.8%	145	52.1%
Underwriting margin net of reinsurance	**1,027**	**30.4%**	**1,290**	**37.2%**	**263**	**25.6%**
Net expenses from current underwriting operations	(975)	-28.9%	(1,005)	-29.0%	(31)	-3.1%
Underwriting income net of reinsurance	**52**	**1.6%**	**285**	**8.2%**	**233**	**>100%**
Recurring financial margin net of tax	68	2.0%	43	1.2%	(25)	-36.6%
Other items	(54)	-1.6%	(131)	-3.8%	(77)	<-100%
Economic operating income	**66**	**2.0%**	**197**	**5.7%**	**131**	**>100%**
Capital gains realised net of corporate income tax	39	1.1%	33	1.0%	(6)	-14.5%
Allocations to reserves for long-term impairment net of corporate income tax		0.0%		0.0%	(1)	<-100%
Gains or losses on financial assets recognised at fair value net of corporate income tax	(4)	-0.1%	(3)	-0.1%	1	36.1%
Other operations net of corporate income tax	(17)	-0.5%	(76)	-2.2%	(58)	<-100%
Income excluding restructuring	**84**	**2.5%**	**151**	**4.4%**	**67**	**80.5%**
Net income from discontinued business activities		0.0%	(3)	-0.1%	(3)	
GROUP NET INCOME	**84**	**2.5%**	**148**	**4.3%**	**64**	**76.7%**

In France, net underwriting income (gross premiums earned – gross underwriting expenses – net expenses from current underwriting operations and reinsurance balance) was up +€233 million over the period. The improvement in the net combined ratio of 6.6 points to 91.8% in 2019 is the reason for this growth (slightly more than half of which is tied to the expanded use of the prudently estimated rate for discounting annuity reserves). Fiscal year 2019 was marked by a lower impact of serious claims (especially in motor vehicle liability), while, conversely, the proportion of weather claims (drought, agricultural and non-agricultural risks, storms, and natural disasters) increased. The net loss experience ratio was down -6.8 points at 62.8% in 2019.

The following key items should be noted at 31 December 2019:

- the combined ratio of Groupama Assurances Mutuelles, the Group's internal reinsurer, improved by 5.9 points to 92% in 2019. This improvement stemmed from the decrease in the net loss experience. The operating claims ratio was stable at 22.2% at 31 December 2019;
- underwriting income for Gan Assurances in property and casualty insurance was up €70 million compared with 2018. The improvement in the net loss experience (-7 points to 65.6%) is reflected especially in an improved current loss experience due to fewer serious and weather claims (-1.4 points and 1.0 points respectively) as well as favourable liquidations on previous fiscal years, particularly in construction. The operating claims ratio increased +1.5 points to 31.5% in 2019 (personnel expenses in monitoring and management functions and IT costs related to the Company's transformation project).

In France, the recurring financial margin (after tax) of the property and casualty insurance business amounted to €43 million in 2019, down -37% over the period.

The change in the other elements is explained in particular by the change in the tax expense based on the underwriting income.

In France, net income amounted to €148 million in 2019 *versus* €84 million in 2018. The non-recurring financial margin decreased by -€6 million over the period due to lower realised capital gains. Other transactions net of taxes amounted to -€76 million and include various non-recurring expenses totalling -€22 million and a tax expense related to the cancellation of a loss for -€57 million.

(b) Life and health insurance

	L&H France		
Insurance premium income *(in millions of euros)*	**31.12.2018 pro forma**	**31.12.2019**	**Change%**
Groupama Gan Vie	3,919	4,012	2.4%
Groupama Assurances Mutuelles	482	501	4.0%
Gan Assurances	142	145	2.1%
Other entities[1]	5	6	5.1%
TOTAL	**4,548**	**4,663**	**2.5%**

(1) Including Assu-Vie.

Life and health insurance premium income (57.4% of premium income in France) increased +2.5% to €4,663 million. Group premium income for life and capitalisation in France fell by -3.2% in a market that posted an increase of +4% at the end of December 2019 (source: FFA). This change is mainly attributable to the decrease in individual UL savings/pensions (-11.1%), with premium income of the segment in euros increasing by +5.2%. This situation (very pronounced at the beginning of the year and diminishing over the course of the year) was related to a wait-and-see situation for customers in the context of regulatory developments affecting the savings/pensions market and the financial environment (low rates and impact of the end-2018 "air pocket" on equity markets). After taking into account arbitrage operations (euros for unit-linked for -€479 million) on Fourgous transfers (€141 million) and unit-linked net inflows (€400 million), the rate of actuarial reserves in individual UL savings is now 28.1% (compared with 25.3% at 31 December 2018), in accordance with the strategic direction taken since the beginning of the decade to reinforce actuarial reserves in UL.

Premium income in health and bodily injury at 31 December 2019 was up +11.0% compared with the previous period. This change is due in particular to the increase in health insurance (+9.5%), which breaks down into an increase of +2.3% in individual health and an increase of +13.3% in group health. The municipal staff insurance segment grew +11.0%.

The Group's net inflows were negative at -€977 million at 31 December 2019 compared with -€891 million over the previous period.

The networks comprising Groupama Gan Vie posted +2.4% growth in premium income to €4,012 million at 31 December 2019. By business line, Groupama Gan Vie's premium income was mostly generated from individual insurance (54.2%), with written premiums -0.9% lower compared with 31 December 2018, down to €2,172 million. The individual savings business was down -1.6%, masking a -16.2% decrease in premium income in UL and a +10.8% increase in premium income in euros. This cyclical development is associated with the adverse financial environment at the end of 2018, which led to a slowdown in the volume of UL business at the beginning of 2019, and the regulatory environment (PACTE law and pension reform). Despite this, unit-linked outstandings in individual savings now represent 28.1% of total outstandings *versus* 25.3% at the end of December 2018. Note that in addition to premium income, Groupama Gan Vie managed Fourgous transfers to multi-component funds (not recognised in premium income) for €141 million (including €81 million invested in UL). Group insurance (45.8% of business) rose +6.5% to €1,839 million. It was driven by the growth in the Group protection (+14.8%) and group health (+13.8%) segments. The group retirement segment decreased by -35.6%. As a reminder, it benefited from several single-premium contracts in 2018.

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

(in millions of euros)	31.12.2018 Actual	31.12.2019 Actual	2019-2018 Change
Regional mutuals	1,176	1,144	-2.7%
General agents	808	777	-3.8%
Brokerage	1,189	1,345	13.1%
Gan Patrimoine	276	294	6.5%
Gan Prévoyance	469	450	-4.0%
Réunima	1	1	-3.6%
TOTAL	**3,919**	**4,012**	**2.4%**
Individuals	2,192	2,172	-0.9%
of which unit-linked savings/pensions	*757*	*672*	*-11.1%*
of which savings/pensions (in euros)	*1,064*	*1,119*	*5.2%*
Groups	1,727	1,839	6.5%
TOTAL	**3,919**	**4,012**	**2.4%**

Premium income of the network of regional mutuals amounted to €1,144 million at 31 December 2019, down -2.7% compared with the previous year. Individual insurance business totalled €1,076 million (+1.2%) in connection with the rise in individual savings/retirement premium income (+0.8%). Group insurance premium income totalled €69 million at 31 December 2019, compared with €113 million over the previous period. As a reminder, fiscal year 2018 had exceptional group retirement premiums.

The Gan Assurances network posted premium income of €777 million at 31 December 2019, down -3.8% compared with 31 December 2018. Individual insurance written premiums decreased by -8.1% as a result of the decline in individual savings/pensions (-15.2%). The group insurance business remained stable at €425 million as of 31 December 2019.

The brokerage network posted premium income of €1,345 million at 31 December 2019, up +13.1% compared with 31 December 2018. The growth in the protection (+18.8%), health (+19.7%), and group inward reinsurance (+30.5%) segments erases the decline in group retirement (-34.9%) associated with a lower level of large single premiums than in 2018.

The Gan Patrimoine network's premium income increased +6.5% to €294 million at 31 December 2019, driven by the growth of the individual savings/pensions segment (+7.1%).

The Gan Prévoyance sales network contributed €450 million to Group premium income at 31 December 2019, a decrease of -4.0% compared with the previous period. The individual savings/pensions business decreased -4.2% (including -5.1% in euros and -2.1% in UL).

Gan Assurances life and health insurance premium income increased +2.1% to €145 million as of 31 December 2019, driven by the strong performance of the individual health insurance segment (+2.6%).

The Caisses Fraternelles posted premium income of €2 million at 31 December 2019.

In life and health insurance, economic operating income in France was €186 million in 2019 compared with €128 million in 2018.

Life and health insurance in France *(in millions of euros)*	**31.12.2018**		**31.12.2019**		**2019-2018 change**	
Gross earned premiums	4,588	100.0%	4,694	100.0%	106	2.3%
Underwriting expenses (policy servicing) – excluding claims management costs	(3,575)	-77.9%	(3,643)	-77.6%	(68)	-1.9%
Reinsurance balance	(23)	-0.5%	(14)	-0.3%	9	39.7%
Underwriting margin net of reinsurance	**989**	**21.6%**	**1,037**	**22.1%**	**48**	**4.9%**
Net expenses from current underwriting operations	(913)	-19.9%	(947)	-20.2%	(35)	-3.8%
Underwriting income net of reinsurance	**77**	**1.7%**	**90**	**1.9%**	**13**	**17.2%**
Recurring financial margin net of profit sharing and tax	80	1.7%	128	2.7%	48	60.7%
Other items	(28)	-0.6%	(31)	-0.7%	(3)	-11.7%
Economic operating income	**128**	**2.8%**	**186**	**4.0%**	**58**	**45.5%**
Capital gains realised net of corporate income tax and profit sharing	154	3.4%	245	5.2%	91	59.0%
Allocations to reserves for long-term impairment net of corporate income tax and profit sharing	(1)	0.0%	(65)	-1.4%	(64)	<-100%
Gains or losses on financial assets recognised at fair value net of corporate income tax and profit sharing	(4)	-0.1%	(8)	-0.2%	(4)	<-100%
Other operations net of corporate income tax	(21)	-0.5%	1	0.0%	22	>100%
GROUP NET INCOME	**256**	**5.6%**	**359**	**7.6%**	**103**	**40.2%**

Underwriting income net of reinsurance improved by +€13 million in 2019.

Groupama Gan Vie's net underwriting income decreased by -€6 million over the period, in line with the increase in the net underwriting margin (+€12 million) and the increase in operating expenses by -€19 million.

In individual insurance, the current underwriting margin decreased by -€17 million due to management charges on the L441 pension plans and decreased underwriting results in savings, health, and protection.

In group insurance, the current underwriting margin was up +€13 million due to the increase in markups on health and protection premiums and an increase in surpluses. However, the year was marked by a few technically loss-making contracts, the most significant of which was terminated in early 2020.

Operating expenses were up with the increase in commissions related to the development of the business and the consideration of expenses associated with major projects.

The technical net income of life and health insurance of the entity Groupama Assurances Mutuelles increased slightly over the period.

Recurring financial margin (net of profit sharing and taxes) increased +€48 million over the period.

In France, net income from life and health insurance amounted to +€359 million at 31 December 2019 compared with +€256 million at 31 December 2018. The non-recurring financial margin increased by €23 million over the period, due to realised capital gains related in particular to the sale of a property in Paris, partially offset by an increase in mutual fund impairments following a change in holding strategy. As a reminder, non-recurring items amounted to -€21 million in 2018, explained in particular by the decrease in the corporate tax rate.

6.1.4.4 International activity and earnings

International premium income *(in millions of euros)*	31.12.2018 pro forma			31.12.2019		
	L&H	P&C	Total	L&H	P&C	Total
Italy	440	1,041	1,481	417	916	1,334
Greece	52	86	139	61	90	151
Turkey	30	121	151	38	150	188
Hungary	184	164	348	181	188	370
Romania	15	197	212	18	212	229
Bulgaria	7	11	18	9	11	19
Gan Outre-Mer	9	55	64	9	56	65
TOTAL	**737**	**1,675**	**2,413**	**734**	**1,623**	**2,357**

The Group's International consolidated premium income was €2,357 million at 31 December 2019, down -2.3% compared with 31 December 2018.

Property and casualty insurance premium income was €1,623 million as of 31 December 2019, down -3.2% compared with the previous period due to the decline in the passenger vehicle insurance segment (-7.4%, or more than 60% of written premiums in property and casualty insurance). This decrease is attributable exclusively to Italy. However, the good performance of the business property damage (+7.2%) and housing (+4.4%) segments dampened this trend.

Life and health insurance premium income decreased -0.4% to €734 million. The individual life and health insurance segment remained virtually stable over the period, with good performance in the protection (+3.5%) and health (+11.4%) insurance segments, erasing the decline in individual savings/pensions (-2.9%). Group life and health insurance fell by -2.2% to €88 million, as growth in the group health segment (+19.3%) failed to compensate for the decline in the pension (-4.6%) and protection insurance (-20.5%) segments.

Economic operating income from insurance on the international scope represented a loss of -€96 million at 31 December 2019 compared with a profit of +€43 million at 31 December 2018.

Economic operating income from the property and casualty insurance business amounted to -€110 million at 31 December 2019 compared with -€13 million at 31 December 2018. The combined ratio was up +8.7 points at 112.1%. This change is mainly due to the Italian subsidiary, which had significant deficits in the motor insurance segment over previous fiscal years and replenished its underwriting reserves. In Romania, in a context of high inflation, the subsidiary's loss experience worsened due in particular to the increase in the average cost of claims. The international operating claims ratio worsened by +1.1 points to 34.1% as of 31 December 2019, primarily due to the decrease in earned premiums. However, this ratio was affected by the change in the treatment of the insurance tax (GIT) in Hungary. Corrected for this impact, the ratio would be up +0.5 points, mainly due to a scissor effect in Italy.

Economic operating income from the life and health insurance business totalled +€14 million in 2019, down sharply (-€16 million) in particular following the end of life and health insurance distribution agreements in Turkey and the increase in the attritional loss of the Italian non-life insurance subsidiary.

Economic operating income *(in millions of euros)*	31.12.2018	31.12.2019
Italy	(26)	(121)
Greece	10	7
Turkey	10	4
Hungary	26	20
Romania	9	(14)
Bulgaria	1	(1)
Gan Outre-Mer	9	9
Equity-method entities	**5**	**(1)**
Tunisia (Star)	1	3
China (AVIC)	4	(4)
TOTAL	**43**	**(96)**

Net income from international insurance amounted to -€98 million at 31 December 2019 compared with +€22 million at 31 December 2018.

The breakdown of net income, by entity, is as follows:

Net income *(in millions of euros)*[1]	**31.12.2018**	**31.12.2019**
Italy	(43)	(136)
Greece	10	8
Turkey	16	10
Hungary	23	23
Romania	2	(13)
Bulgaria	1	0
Gan Outre-Mer	9	10
Equity-method entities	**5**	**(1)**
Tunisia (Star)	1	3
China (Groupama AVIC)	4	(4)
TOTAL	**22**	**(98)**

(1) Excluding income from the holding business.

(a) Italy

Premium income for the Italian subsidiary Groupama Assicurazioni fell -9.9% to €1,334 million at 31 December 2019.

Property and casualty insurance premium insurance decreased -12.0% to €916 million. The drastic measures taken to straighten out the subsidiary's motor liability insurance segment (closures of unprofitable branches, termination of loss-making business, high severity in underwriting) resulted in a decline in the portfolio in terms of number, which explains the decline in the passenger vehicle insurance business (-16.8%, or more than 65% of written premiums in property and casualty insurance).

Life and health insurance business (€417 million) decreased -5.0% compared with the previous period. Individual savings/pension business decreased -3.9%. Individual UL savings fell by -20.8% in connection with the decrease in new production. Individual savings in euros were up +3.2% thanks to an action taken by the bancassurance channel. Premium income from group life and health insurance was also down (-17.8%) due to the decline in the group retirement segment (-21.9%) and the group protection segment (-31.2% due to the end of a major agreement).

Economic operating income amounted to -€121 million at 31 December 2019 compared with -€26 million at 31 December 2018.

The combined ratio in property and casualty insurance amounted to 119.5% at 31 December 2019, up +13.1 points compared with the previous fiscal year. The gross loss ratio increased by +13.4 points to 89.9% as of 31 December 2019. This deterioration was mainly due to the motor insurance segment, where the subsidiary recognised significant deficits over previous years and carried out underwriting replenishments. The operating claims ratio was 31.4%, up +0.9 points compared with the previous fiscal year due to the decrease in earned premiums.

In life and health insurance, the underwriting income was lower due in particular to the increase in the attritional loss experience and the decrease in group health and insurance premiums.

The recurring financial margin (net of profit sharing) increased 10.3%.

Net income totalled -€136 million at 31 December 2019 compared with -€43 million at 31 December 2018.

(b) Turkey

Premium income for the Turkish subsidiaries Groupama Sigorta and Groupama Hayat increased +24.5% to €188 million as of 31 December 2019.

Property and casualty insurance premium income (€150 million) increased +24.0%. Passenger vehicle insurance increased +31.0% and benefited from development of the portfolio and an increase in the average premium.

The life and health insurance business (€38 million) increased +26.4%, mainly due to the growth of the individual health insurance segment (+23.8% in connection with the development of the portfolio). The individual savings/pensions business benefited from the success of sales campaigns.

The economic operating income of the Turkish subsidiaries Groupama Sigorta and Groupama Hayat stood at +€4 million as of 31 December 2019, down more than half compared with 31 December 2018 following the end of the commercial agreement with the TKK banking network.

The combined ratio of property and casualty insurance was 117.3% compared with 120.0% at 31 December 2019, a decrease of -2.7 points. The ratio at 31 December 2018 is presented *pro forma,* restated for technical elements related to the commercial agreement with the TKK banking network, an agreement that ended on 31 December 2018. The loss experience rate was up +0.6 points at 82.1% due to serious claims on the business insurance segment, partially offset by lower reserves releases on previous fiscal years in the home insurance segment. The reinsurance balance changed favourably following a revision of the cover scheme to make reinsurance more efficient. The operating claims ratio rose +3.5 points to 30.1% following the development of various projects (in particular IT projects).

Life and health insurance underwriting income was down as of 31 December 2019 due to the loss of life insurance business following the exit of the TKK banking distribution network at the end of 2018 and the worsening of the loss experience in individual health in non-life insurance.

The recurring financial margin (net of profit sharing) remained stable.

The net income of the Turkish subsidiaries totalled +€10 million at 31 December 2019 compared with +€16 million at 31 December 2018. As a reminder, the 2018 result included a capital gain from the sale of the pension fund business for a net amount of €5 million.

(c) Greece

Groupama Phoenix's premium income increased +8.7% compared with the previous period to €151 million at 31 December 2019.

The property and casualty insurance business was up +4.2% at €90 million. The passenger vehicle insurance segment (nearly 70% of property and casualty insurance premiums) grew +3.6% due to price increases.

Life and health insurance premium income increased +16.2% to €61 million. The successful launch of a new UL product explains the strong growth in the individual savings/pensions business (>100%). The good performance of the group retirement segment should also be noted (+13.9%, in connection with the development of major policies).

Economic operating income represents a profit of €7 million at 31 December 2019 compared with a profit of €10 million at 31 December 2018.

The combined ratio in property and casualty insurance ratio was 88.7%, up +2.7 points compared with the previous period, mainly due to lower liquidation surpluses on previous fiscal years. This change was driven mainly by the motor vehicle liability insurance segment, negatively affected by its gross loss experience (increase in serious claims) and the liquidation of underwriting reserves. The operating claims ratio decreased (-2.4 points to 43.4%) in keeping with the plan to streamline structural expenses.

Life and health insurance underwriting income is down compared with the previous fiscal year due to a less favourable liquidation on previous fiscal years in life insurance (individual protection).

The recurring financial margin (net of profit sharing and taxes) was slightly down following the decrease in bond yields.

Net income was a profit of +€8 million at 31 December 2019 *versus* +€10 million at 31 December 2018.

(d) Hungary

Premium income of the subsidiary Groupama Biztosito in Hungary increased +6.1% to €370 million at 31 December 2019. However, the changes were contrasted according to the segments.

Property and casualty insurance written premiums were up +14.8% at €188 million at 31 December 2019. The development of the portfolio (particularly thanks to the network of brokers) and price increases explain the strong growth of the passenger vehicle insurance segment (+28.5%). The business property damage insurance segment posted growth of +17.4%, mainly due to the launch of a new product and the development of new business. Premium income of the fleet insurance segment was +19.8%.

In life and health insurance, premium income was €181 million, down -1.6%. The growth of the individual protection insurance segment (+18.2%) failed to offset the decline in the individual savings/pensions business (-5.4% in connection with the decrease in the number of unit-linked policies), adversely affected by the marketing of a government bond. However, the subsidiary's Life/Savings premium income continued to consist of 86.0% UL policies.

Economic operating income amounted to +€20 million at 31 December 2019 compared with +€26 million at 31 December 2018.

The net combined ratio for property and casualty insurance improved slightly (decrease of -0.4 points to 96.9% at 31 December 2019). This change resulted from the offset between a very favourable loss experience and the increase in general expenses. The loss experience (-1.5 points at 44.3%) benefited from the decrease in inclement weather and measures to clean up the portfolio. The operating claims ratio increased +2.8 points to 50.5% due to the integration starting on 1 January 2019 of the tax on non-life insurance premiums (GIT) on the motor vehicle liability insurance segment. Adjusted for the effect of this tax, the claims ratio would be 45.4%.

Life and health insurance underwriting income grew thanks to the development of individual savings.

The recurring financial margin (net of profit sharing and taxes) decreased under the effect of the increase in the profit-sharing rate.

The Hungarian subsidiary's net income remained stable at +€23 million as of 31 December 2019.

(e) Romania

Premium income of the Romania subsidiary Groupama Asigurari rose +8.4% to €229 million as of 31 December 2019.

The property and casualty insurance business (€212 million) increased +7.5%. The passenger vehicle insurance segment (nearly 70% of property and liability insurance premiums) increased +3.3%, breaking down into +16.3% on the damages segment (thanks to the good performance of brokers) and -20% in civil liability insurance (in connection with the new rates applied). The good performance of the business damage insurance segment (+22.3%) and the agricultural business line segment (+52.9%) should also be noted.

Life and health insurance premium income (€18 million) increased +19.8% over the period, driven by growth in group health (+35.2%), particularly due to development of the portfolio.

The Romanian subsidiary's economic operating income represents a loss of -€14 million at 31 December 2019 compared with a profit of +€9 million at 31 December 2018.

The net combined ratio in property and casualty insurance increased +11 points to 107.7% at 31 December 2019. The loss experience rate increased +15.9 points to 75.4% because of the increased average cost of claims due to inclement weather that affected the agricultural insurance segment and especially the motor vehicle liability segment. This segment was the subject of significant underwriting replenishments following an adverse change in average costs. The operating claims ratio was 32%, down -0.5 points from 2018.

Underwriting income in life and health insurance decreased as a result of the loss of a life insurance policy and despite the good performance of non-life insurance.

The recurring financial margin (net of profit sharing and taxes) increased under the effect of reinvestment rates that were more favourable than in 2018.

Net income represented a loss of -€13 million at 31 December 2019 compared with a profit of +€2 million at 31 December 2018.

(f) Bulgaria

In Bulgaria, premium income of the subsidiaries Groupama Zastrahovane, Groupama Jivotozastrahovane, and Express Life increased +9.4% to €19 million at 31 December 2019. Life and health insurance increased +29.4% to €9 million due to the entry of Express Life into the scope. Property and casualty insurance (€11 million) decreased -3.0% due to the drop in the passenger vehicle insurance segment (-13.8%).

The contribution of the Bulgarian subsidiaries to the Group's net income was -€0.4 million as of 31 December 2019, due to non-recurring expenses related to the acquisition of Express Life.

(g) Gan Outre-Mer

Gan Outre-Mer's premium income rose +1.9% to €65 million as of 31 December 2019. The property and casualty insurance business amounted to €56 million and benefited from growth in the home insurance (+3.4%) and passenger vehicle insurance (+1.7%) segments. Premium income in life and health insurance (mainly individual health) continued to grow. It was up +5.3% at €9 million.

Gan Outre-Mer's economic operating income remained stable at €9 million in 2019. Net underwriting income in property and casualty insurance increased by +€3 million with a net combined ratio that improved -4.7 points to 72.8%. The operating cost rate was down -0.5 points at 27.8% in 2019.

Gan Outre-Mer's net income totalled €10 million in 2019 compared with €9 million in 2018.

(h) Tunisia

The equity-method income of the Tunisian subsidiary Star was +€3 million as of 31 December 2019.

(i) China

The Chinese subsidiary's contribution represented a loss of -€4 million at 31 December 2019 compared with a profit of +€4 million at 31 December 2018. In 2019, the subsidiary was marked by the impact of swine fever on the agricultural insurance segment.

6.1.4.5 Financial and banking businesses

(in millions of euros)	31.12.2018	31.12.2019	2019-2018 change	
Net banking income, net of cost of risk and long-term financial instruments	153	152		-0.3%
Other operating income and expenses and non-underwriting current income and expenses	(101)	(99)	2	2.0%
Other items	(18)	(16)	2	11.2%
Economic operating income	**34**	**38**	**4**	**10.4%**
Other operations net of corporate income tax	(59)	(63)	(4)	-7.4%
Income excluding restructuring	**(24)**	**(25)**	**(1)**	**-3.2%**
Goodwill impairment		(81)	(81)	
GROUP NET INCOME	**(24)**	**(106)**	**(82)**	**<-100%**

The economic operating income of financial and banking businesses totalled +€38 million in 2019 *versus* +€34 million in 2018. These figures include Groupama Asset Management's result, which was stable over the period at +€32 million. The economic operating income of the other entities (Groupama Immobilier, Groupama Épargne Salariale, and Groupama Gan Reim) represented +€6 million in income in 2019.

Net income from financial and banking businesses amounted to -€106 million at 31 December 2019 and includes Orange Bank's equity-method income in other transactions net of tax for -€63 million as well as the impairment of securities for -€81 million.

6.1.4.6 Groupama Assurances Mutuelles and holdings

(in millions of euros)	31.12.2018	31.12.2019	2019-2018 change	
Other operating income and expenses and non-underwriting current income and expenses	(119)	(147)	(29)	-24.4%
Recurring financial income (after corporate income tax)	(12)	3	16	>100%
Other items	42	54	12	28.7%
Economic operating income	**(89)**	**(91)**	**(1)**	**-1.6%**
Capital gains realised net of corporate income tax	89	9	(80)	-90.4%
Allocations to reserves for long-term impairment net of corporate income tax	(2)		2	84.9%
Gains or losses on financial assets recognised at fair value net of corporate income tax	12	(2)	(14)	<-100%
Financing expenses	(57)	(63)	(6)	-10.1%
Other operations net of corporate income tax	32	51	19	60.4%
Result excluding discontinued operations	**(16)**	**(96)**	**(80)**	**<-100%**
Net income from discontinued business activities	(2)		2	83.4%
GROUP NET INCOME	**(19)**	**(97)**	**(78)**	**<-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 economic operating income of holding companies was stable at -€91 million in 2019. This change masks an increase in fees related to various investment or regulatory projects offset by the improved recurring financial margin as well as other items that correspond to the tax on recurring income, the proceeds of which increased by €12 million.

The net income of holding companies was a loss of -€97 million at 31 December 2019 compared with a loss of -€19 million at 31 December 2018. This result was impacted especially by the decrease in the non-recurring financial margin due to lower capital gains on property. Other transactions net of taxes generated +€19 million in income mainly related to non-recurring tax effects in France. As a reminder, the result of discontinued businesses (-€2 million in 2018) corresponded to the result from the divestment of Portugal's subsidiaries.

The Group's net income breaks down as follows:

Net income *(in millions of euros)*	31.12.2018	31.12.2019
Total Insurance – France	340	510
Total Insurance – International	22	(98)
Banking and financial businesses	(24)	(25)
Holding company activities	(19)	(97)
Goodwill impairment	0	(183)
Other	0	(3)
TOTAL GROUPAMA ASSURANCES MUTUELLES NET INCOME	**319**	**104**

The impairment of goodwill is related to a goodwill impairment expense pertaining to the Italian subsidiary for €102 million and to an impairment of the equity value of Groupama's stake in Orange Bank for €81 million.

6.1.4.7 Consolidated balance sheet

At 31 December 2019, Groupama's consolidated balance sheet totalled €93.6 billion, compared with €88.5 billion in 2018, an increase of +5.7%.

(a) Goodwill

Goodwill amounted to €1.8 billion as of 31 December 2019 compared with €1.9 billion in 2018, following the impairment of goodwill of the Italian subsidiary.

Other intangible assets totalling €245 million at 31 December 2019 (*versus* €235 million in 2018) are composed primarily of amortisable portfolio securities (€47 million) and computer software. The change in this item is related to software activations and amortisation for the period.

(b) Investments (including unit-linked investments)

Insurance investments totalled €83.7 billion in 2019 compared with €78.5 billion in 2018, an increase of +6.7%.

The Group's unrealised capital gains (including property) increased +€2.6 billion to +€9.9 billion (compared with +€7.3 billion at the previous close), mainly because of the increase in unrealised capital gains on bonds.

By asset allocation, unrealised capital gains are broken down into +€7.1 billion on bonds, +€0.9 billion on equities, and +€1.9 billion on property.

Unrealised capital gains on financial assets (excluding property) totalled +€8.0 billion, with +€1.8 billion attributable to the Group (after profit sharing and taxes) *versus* +€1.0 billion at 31 December 2018. 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 +€0.6 billion compared with +€0.5 billion at 31 December 2018. 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 5.4% at 31 December 2019 *versus* 4.6% at 31 December 2018 according to an economic view.

(c) Group's equity

As of 31 December 2019, Groupama's consolidated shareholders' equity was up +15.2% at €6.1 billion.

This change can be summarised as follows:

(in millions of euros)

GROUP'S EQUITY AT 2019 OPENING	**5,274**
Change in revaluation reserve: fair value of AFS assets	2,500
Change in revaluation reserve: shadow accounting	(1,517)
Change in revaluation reserve: deferred tax	(219)
Foreign exchange adjustment	33
Other	(99)
Income (Loss)	104
GROUP'S EQUITY AS OF 31 DECEMBER 2019	**6,076**

(d) Subordinated liabilities, financing debts, and other debts

Subordinated liabilities and external debt remained stable at €1.6 billion at 31 December 2019.

Subordinated debts amounted to €1,630 million in 2019 *versus* €1,633 million at the end of 2018. During the period, Groupama Assurances Mutuelles renewed a subordinated debt at a significantly lower rate.

The Group no longer has any external debt (excluding subordinated debt) since the end of 2015.

(e) Underwriting reserves

Gross underwriting reserves (including deferred profit sharing) totalled €75.8 billion at 31 December 2019, compared with €72.8 billion at 31 December 2018.

(f) Contingent liabilities

Reserves for contingent liabilities totalled €356 million in 2019, compared with €384 million in 2018, 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 27.2% at the end of 2019, compared with 28.4% at 31 December 2018.

6.1.6 RISK MANAGEMENT AND RELIABILITY OF FINANCIAL INFORMATION

Risk management is addressed in section 3 of the universal 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 group's 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 group's 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 negotiated transactions are secured by a system of "collateralisation" with leading bank counterparties selected by Groupama Assurances Mutuelles.

6.1.7.3 Equity risk

In 2019, 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 AM 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. Earned premiums thus appear in the individual financial statements for €2,849.7 million, which break down into €40.3 million in substituted contributions net of inward reinsurance in quota share of the reinsurer Groupama Assurances Mutuelles and €2,809.4 million in earned premiums (excluding substitution).

The remainder of the commentary on business activity focuses exclusively on net substitution transactions.

Earned premiums reached €2,809.4 million, up 3.8% (+€102.9 million) compared with 2018 (€2,706.6 million). This change came mainly from:

- the switching of all of Amaline's reinsurance treaties to a new quota share agreement 100% transferred to Groupama Assurances Mutuelles by the regional mutuals, *i.e.* an increase in accepted contributions of €41 million;
- inward reinsurance from the regional mutuals (excluding the takeover of the Amaline portfolio), up €68.8 million (+3.4%) at €2,104.9 million;
- contributions ceded to Groupama Assurances Mutuelles by the Group's subsidiaries (€489.6 million), a decrease of €3.8 million compared with 2018 (excluding the effect of the transfer of the Amaline portfolio) including -€5.3 million from Groupama Gan Vie related to the switching of the Avenance agreement at the end of 2018; and
- revenue related to other operations (professional pools, partnerships, etc.), which decreased by €3.1 million, mainly from

the partnership with La Banque Postale IARD (quota share transfer rate of 40% in 2019 compared with 45% in 2018).

Claims expenses (excluding claims management expenses), annuities, and other underwriting reserves totalled -€2,025.7 million, an increase of -€326.5 million under the combined effect of:

- a deterioration of the current loss experience of -€139.9 million, particularly affected by weather risks (accepted expense of +€126 million, including around €61 million for the 2019 drought) and by the fire insurance segment. The other segments of group 1 excluding storms generally improved;
- and a significant decrease in surpluses on prior years of -€197.2 million: as a reminder, the transaction on the World Trade Center had a major effect for +€98.5 million in 2018. In addition, the environment of decreased rates led to replenishments.

The reinsurance and retrocession balance is an expense of -€123.8 million compared with -€286.8 million in 2018, including the retrocession of the proceeds on the World Trade Center transaction. Restated for this event, the balance improves under the effect of a greater recovery of claims, particularly in weather risks.

After taking into account the commissions paid to ceding entities for €509.0 million, the net underwriting margin before general expenses was income of +€151.0 million, down €90.5 million compared with 2018.

Total operating expenses of Groupama Assurances Mutuelles were -€286.0 million, an increase of €29.5 million mainly due to the increase in payroll and the cost of major projects.

Financial income was positive at +€489.6 million, compared with +€98.6 million in 2018, an increase of +€391.1 million, mainly from:

- an increase in received dividends of +€569 million, the main income for 2019 being distributed by Groupama Holding Filiales et Participations (€734 million compared with €141 million in 2018) and Cofintex 2 (€21 million);
- allowances for financial provisions of -€173 million in 2019 (+€7 million in 2018) including €191 million for Cofintex 17;
- an increase in net capital gains of +€11 million, including capital gains on property in 2019: €4.6 million (Domaine de Nalys +€2.3 million, Messina apartment +€2.3 million);
- and an increase in the expense of subordinated debt (-€9 million) related to interest on TSRs issued in September 2018 and September 2019, mitigated by the absence of interest on the €500 million TSR repaid in October 2019.

Extraordinary income amounted to -€21.3 million compared with -€15.7 million in 2018.

The “tax” line was an expense of €7.6 million, which includes the tax on the capital gain realised on the sale of the property at 79, avenue Champs-Élysées.

The net income for the fiscal year was therefore €325.7 million.

6.1.8.2 Balance sheet

The 2019 balance sheet of Groupama Assurances Mutuelles totalled €14,812.8 million, up €686.8 million compared with 2018.

Group’s equity reached €3,701.8 million (€3,390.1 million at 31 December 2018). It consists of mutual certificates for €3,617.9 million, the conversion difference for -€353 million, retained earnings of +€111 million, and the profit for the year of €325.7 million.

Gross underwriting reserves reached €6,359 million, up €402.0 million compared with the end of 2018 in connection with the weather claims of the year. For these same reasons, the underwriting reserves ceded and retroceded amounted to €1,152.2 million, also up compared with 2018 (+€34.7 million).

Subordinated liabilities amounted to €2,729.5 million (*versus* €2,732.5 million at the end of 2018). On 16 September 2019, Groupama Assurances Mutuelles issued a 10-year bond for a nominal value of €500 million at a fixed rate of 2.125%. On 27 October, the 2019 TSR for €500 million was repaid.

The largest asset item on the Groupama Assurances Mutuelles balance sheet consists of investments with a net book value of €12,737.4 million. Note a potential capital gain of €2,238 million.

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	8,313											
Total amount of invoices concerned (specify excl. or incl. tax)	123,238,518.10 Incl. tax					0.00 Incl. tax						0.00
Percentage of total purchases for the fiscal year (specify excl. or incl. tax)	100% TTC	0% TTC	0% TTC	0%	0%	0% TTC						
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

Faced with an unstable macroeconomic environment (trade tensions between the United States and China, geopolitical tensions in the Middle East and Iran, etc.), Groupama has 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 focus its strategy on the strength of mutual insurance. All of Groupama's forces (elected representatives and employees) are now constructing their action and investments to be able to offer its members and customers innovative products and a quality service in keeping with its purpose. "We are here to allow as many people as possible build their lives confidently."

Groupama's ambition is to become a centre for consolidation of mutual insurance in France

6.2 DIVIDEND DISTRIBUTION POLICY

The following statements are purely historical, as Groupama Assurances Mutuelles, since its conversion into a national agricultural reinsurance mutual 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
2018	Not applicable	Not applicable	Not applicable
2017	€14,005,418.41	€3,382.46	€14,002,035.96
2016	None	None	None

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 2018	FY 2017	FY 2016
Overall dividend	Not applicable	€13.9 million	€0
Dividend per share	Not applicable	€0.034	€0
Consolidated net income	€319 million	€87 million	€79 million
Distribution rate	Not applicable	15.9%	Not applicable

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.

Compensation of €14 million will be proposed to the General Meeting, which is identical to the amount paid in 2019 for fiscal year 2018.

6.4 CASH AND GROUP FINANCING

6.4.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents totalled €393 million at 31 December 2019, down €206 million compared with 31 December 2018.

The distribution of cash flows for fiscal year 2019 among the various business lines is as follows:

- Operational business cash flows: -€453 million;
- Investment, financial, and other business cash flows: €247 million;
- Total: -€206 million.

6.4.2 ISSUER'S FINANCING STRUCTURE

On 16 September 2019, 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 2.125%.

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.

Debt totalled €1.630 billion at year-end 2019 for Groupama Assurances Mutuelles.

Subordinated liabilities at 31 December 2019 totalled €1.630 billion, €0.003 billion lower than at 31 December 2018.

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 27.2% at the end of 2019, compared with 28.4% at 31 December 2018.

	31.12.2019				31.12.2018			
(in millions of euros)	<1 year	1–5 years	>5 years	Total	<1 year	1–5 years	>5 years	Total
Subordinated debt of insurance companies			1,630	1,630			1,633	1,633
Financing debt represented by securities								
Financing debt with banking-sector companies								
TOTAL FINANCING DEBT			**1,630**	**1,630**			**1,633**	**1,633**

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

The first 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 2019, this issue was quoted at 127.2% compared with 111.2% at 31 December 2018.

The second bond was 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.

At 31 December 2019, this issue was quoted at 110.5% compared with 92.3% at 31 December 2018.

The third bond corresponds to the new instrument issued in the form of redeemable subordinated instruments (TSR) in September 2019 for a nominal amount of €500 million.

This 10-year bond has a fixed annual rate of 2.125% for 10 years.

On 31 December 2019, this issue was trading at 100.5%.

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 2019, this TSDI was trading at 118.8%, compared with 104.6% on 31 December 2018.

6.4.3 EMPLOYMENT AND CASH

Interest paid on TSR by the Group in 2019 amounted to €93 million (€85 million in 2018).

6.5 ADMINISTRATIVE, JUDICIAL, OR ARBITRATION PROCEEDINGS

Over the past twelve months, the Company has not been subject to any governmental, judicial, or arbitration proceedings, including any pending or threatened proceedings known to the Company, which might have had, or has had over the last 12 months, significant effects on its financial situation or profitability, or that of the Group.

FINANCIAL STATEMENTS

7

Pursuant to Article 28 of Commission Regulation (EC) 809/2004 of 29 April 2004, the following information has been incorporated by reference in this universal registration document:

- *the consolidated financial statements of Groupama Assurances Mutuelles for the fiscal year ended 31 December 2018 and the corresponding statutory auditors' report appear on pages 182 to 285 and 286 to 289, respectively, of registration document No. D.19-0382 filed with the AMF on 25 April 2019;*
- *the consolidated financial statements of Groupama Assurances Mutuelles 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 D.18-0403 filed with the AMF on 26 April 2018.*

7.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

7.1.1 CONSOLIDATED BALANCE SHEET

Assets

(in millions of euros)		31.12.2019	31.12.2018
Goodwill	Note 2	1,791	1,900
Other intangible assets	Note 4	245	235
Intangible assets		**2,035**	**2,136**
Investment property excluding unit-linked items	Note 5	930	882
Unit-linked investment property	Note 8	105	110
Operating property	Note 6	566	368
Financial investments excluding unit-linked items	Note 7	71,612	68,053
Unit-linked financial investments	Note 8	10,392	8,935
Derivatives and separate embedded derivatives	Note 9	138	114
Insurance business investments		**83,743**	**78,462**
Funds used in banking sector activities and investments of other business activities	**Note 10**	**121**	**112**
Investments in related companies and joint ventures	**Note 11**	**299**	**485**
Share of outward reinsurers and retrocessionaires in liabilities relating to insurance and financial contracts	**Note 12**	**1,563**	**1,488**
Other property, plant and equipment	Note 13	194	183
Deferred acquisition costs	Note 14	165	168
Deferred profit-sharing assets			
Deferred tax assets	Note 15	64	39
Receivables arising from insurance and inward reinsurance operations	Note 16	2,150	2,070
Receivables from outward reinsurance operations	Note 17	182	171
Current tax receivables and other tax receivables	Note 19	239	289
Other receivables	Note 20	2,282	2,166
Other assets		**5,275**	**5,086**
Assets held for sale and discontinued business activities	**Note 3**	**115**	**150**
Cash and cash equivalents	**Note 21**	**419**	**587**
TOTAL		**93,571**	**88,506**

Liabilities

(in millions of euros)		31.12.2019	31.12.2018
Equity or equivalent funds		3,618	3,618
Revaluation reserves		1,773	1,010
Perpetual subordinated debts categorised as group's equity		1,100	1,100
Other reserves		(14)	(234)
Foreign exchange adjustments		(505)	(538)
Consolidated income		104	319
Group's equity (Group share)		**6,076**	**5,274**
Non-controlling interests		30	52
Total group's equity	**Note 22**	**6,106**	**5,326**
Reserves for contingent liabilities	**Note 23**	**356**	**384**
Financing debt	**Note 25**	**1,630**	**1,633**
Technical liabilities relating to insurance policies	**Note 26**	**58,041**	**56,203**
Technical liabilities relating to financial contracts	**Note 27**	**12,227**	**12,744**
Deferred profit-sharing liabilities	**Note 29**	**5,494**	**3,804**
Resources from banking sector activities	**Note 10**	**14**	**7**
Deferred tax liabilities	Note 15	323	67
Debts to unit holders of consolidated mutual funds		1,174	118
Operating debts to banking sector companies	Note 21	49	11
Debts arising from insurance or inward reinsurance operations	Note 30	831	832
Debts arising from outward reinsurance operations	Note 31	352	374
Current taxes payable and other tax liabilities	Note 32	125	110
Derivative instrument liabilities	Note 9	636	601
IFRS 16 rent liabilities	Note 33	211	
Other debts	Note 34	6,001	6,292
Other liabilities		**9,703**	**8,406**
Liabilities of held-for-sale or discontinued businesses	**Note 3**		
TOTAL		**93,571**	**88,506**

7.1.2 CONSOLIDATED INCOME STATEMENT

(in millions of euros)		31.12.2019	31.12.2018
Written premiums	Note 35	10,486	10,477
Change in unearned premiums		1	(75)
Earned premiums		**10,487**	**10,402**
Net banking income, net of cost of risk		**153**	**153**
Investment income		2,064	2,126
Investment expenses		(630)	(656)
Capital gains or losses from divestments net of impairment and depreciation write-backs		602	431
Change in fair value of financial instruments recorded at fair value through income		1,445	(785)
Change in impairment on investments		(3)	(3)
Investment income net of expenses	**Note 36**	**3,478**	**1,112**
Total income from ordinary businesses		**14,117**	**11,667**
Insurance policy servicing expenses	Note 37	(10,559)	(8,119)
Income on outward reinsurance	Note 38	457	240
Expenses on outward reinsurance	Note 38	(608)	(622)
Net outward reinsurance income and expenses		**(10,710)**	**(8,501)**
Banking operating expenses		(104)	(104)
Policy acquisition costs	Note 40	(1,388)	(1,297)
Administrative costs	Note 41	(640)	(540)
Other current operating income and expenses	Note 42	(562)	(596)
Total other current income and expenses		**(13,404)**	**(11,038)**
Current operating income		**713**	**629**
Other non-current operating income and expenses	Note 43	(271)	(31)
Operating income		**441**	**598**
Financing expenses	Note 44	(98)	(85)
Share in income of related companies	Note 11	(64)	(56)
Corporate income tax	Note 45	(171)	(107)
Net income from continuing businesses		**108**	**351**
Net income from activities either discontinued or due to be discontinued	Note 3	(4)	(20)
OVERALL NET INCOME		**105**	**330**
Of which, non-controlling interests		1	12
OF WHICH, NET INCOME (GROUP SHARE)		**104**	**319**

7.1.3 STATEMENT OF NET INCOME AND GAINS (LOSSES) RECOGNISED DIRECTLY IN GROUP'S EQUITY

	31.12.2019			31.12.2018		
(in millions of euros)	Group share	Share of non-controlling interests	Total	Group share	Share of non-controlling interests	Total
Net income for fiscal year	**104**	**1**	**105**	**319**	**12**	**330**
Gains and losses recognised directly in group's equity						
Items recyclable to income						
Change in foreign exchange adjustments	33		33	(38)		(38)
Change in gross unrealised capital gains and losses on available-for-sale assets	2,500	7	2,507	(1,643)	(8)	(1,651)
Revaluation of hedging derivatives						
Change in shadow accounting	(1,517)	(6)	(1,524)	1,271	5	1,275
Change in deferred taxes	(219)		(219)	125	1	126
Other changes	(1)		(1)	(7)		(7)
Items not recyclable to income						
Restatement of net actuarial debt from pension commitments (defined-benefit schemes)	4		4	14		14
Change in deferred taxes	(1)		(1)	(5)		(5)
Other changes						
Total gains (losses) recognised directly in group's equity	**798**	**1**	**798**	**(284)**	**(2)**	**(286)**
NET INCOME AND GAINS (LOSSES) RECOGNISED IN GROUP'S EQUITY	**902**	**2**	**903**	**34**	**10**	**44**

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.

7.1.4 CHANGE IN GROUP'S EQUITY

(in millions of euros)	Equity or equivalent funds	Income (Loss)	Subordinated instruments	Consolidated reserves	Revaluation reserves	Foreign exchange adjustment	Group's equity (Group share)	Share of non-controlling interests	Total Group's equity
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 (loss)		(87)		87					
Dividends[1]				(60)			(60)	(5)	(65)
Change in capital	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**
Allocation of 2018 income (loss)		(319)		319					
Dividends[1]				(60)			(60)	(40)	(100)
Change in capital								(15)	(15)
Business combinations				(40)			(40)	32	(8)
Other									
Impact of transactions with shareholders		**(319)**		**219**			**(100)**	**(23)**	**(123)**
Foreign exchange adjustments						33	33		33
Available-for-sale assets					2,500		2,500	7	2,507
Shadow accounting					(1,517)		(1,517)	(6)	(1,524)
Deferred taxes				(1)	(219)		(221)		(221)
Actuarial gains (losses) of post-employment benefits				4			4		4
Other				(1)			(1)		(2)
Net income for fiscal year		104					104	1	105
Total income (expenses) recognised over the period		**104**		**1**	**763**	**33**	**902**	**2**	**903**
Total changes over the period		**(215)**		**220**	**763**	**33**	**802**	**(21)**	**780**
GROUP'S EQUITY AS OF 31.12.2019	**3,618**	**104**	**1,100**	**(14)**	**1,773**	**(505)**	**6,076**	**30**	**6,106**

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

7.1.5 CASH FLOW STATEMENT

(in millions of euros)

Cash and cash equivalents	587
Receivables on credit institutions from financial business activities	23
Operating debts to banking sector companies	(11)
CASH AND CASH EQUIVALENTS AT 1 JANUARY 2019	**599**
Cash and cash equivalents	419
Receivables on credit institutions from financial business activities	24
Operating debts to banking sector companies	(49)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2019	**393**

Receivables on credit institutions from financial business 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.

Cash flow statement *(in millions of euros)*	**31.12.2019**	**31.12.2018**
Operating income before taxes	441	598
Capital gains (losses) on the sale of investments	(532)	(414)
Net allocations to amortisation and depreciation	164	145
Change in deferred acquisition costs	(2)	(38)
Change in impairment	21	(3)
Net allocations to technical liabilities related to insurance policies and financial contracts	1,590	(633)
Net allocations to other reserves	(25)	(68)
Change in fair value of financial instruments and investments recognised at fair value through income (excluding cash and cash equivalents)	(1,445)	785
Other non-cash items included in operating income	108	34
Correction of elements included in the operating income other than cash flows and reclassification of investment and financing flows	**(121)**	**(192)**
Change in operating receivables and payables	(245)	175
Change in banking operating receivables and payables	(3)	(9)
Change in repo and reverse-repo securities	(376)	91
Cash flows from other assets and liabilities	(74)	(18)
Net tax paid	(77)	(104)
NET CASH FLOWS FROM OPERATIONS	**(453)**	**541**
Acquisitions/divestments of subsidiaries and joint ventures, net of cash acquired/disposed	0	52
Stakes in related companies acquired/divested	(66)	(58)
Cash flows due to changes in scope of consolidation	**(66)**	**(6)**
Net acquisitions of financial investments (including unit-linked investments) and derivatives	(36)	(1,057)
Net acquisitions of investment property	611	444
Net acquisitions and/or issues of investments and derivatives relating to other activities		
Other non-cash items	203	39
Cash flows from acquisitions and issues of investments	**777**	**(573)**
Net acquisitions of property, plant and equipment, intangible fixed assets and operating property	(444)	(182)
Cash flows from acquisitions and disposals of property, plant and equipment and intangible fixed assets	**(444)**	**(182)**
NET CASH FLOWS FROM INVESTMENT	**268**	**(762)**
Membership fees		
Issue of capital instruments		43
Redemption of equity instruments[(2)]	(23)	(8)
Transactions involving own shares		
Dividends paid[(1)]	(100)	(65)
Cash flows from transactions with shareholders and members	**(123)**	**(30)**
Cash allocated to financing liabilities[(2)]	(5)	495
Interest paid on financial debt	(98)	(85)
Cash generated by IFRS 16 rent liabilities	212	
Cash flows from group financing	**108**	**410**
NET CASH FLOWS FROM FINANCING	**(15)**	**380**
CASH AND CASH EQUIVALENTS AT 1 JANUARY 2019	**599**	**445**
Net cash flows from operations	(453)	541
Net cash flows from investment	268	(762)
Net cash flows from financing	(15)	380
Cash flows from sold or discontinued assets and liabilities	(4)	
Effect of foreign exchange changes on cash	(2)	(5)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2019	**393**	**599**

(1) They correspond in particular to payment for subordinated securities classified in group's equity under IFRS.
(2) Movements relating to financing activities are detailed in Notes 22.2 and 25.1.

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 2019

1.1.1 Financial strength

(a) Financial rating

On 20 June 2019, Fitch Ratings raised the Insurer Financial Strength (IFS) ratings of Groupama Assurances Mutuelles and its subsidiaries to “A” and maintained the outlook associated with these ratings at “Positive”.

(b) Subordinated instruments

On 16 September 2019, Groupama issued subordinated instruments with a maturity of 10 years for a total of €500 million with an annual coupon of 2.125%. 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.

On 27 October 2019, Groupama proceeded with the early redemption of its redeemable subordinated bonds issued in 2009 for €500 million, at the first redemption date, in accordance with Article 5 of the terms and conditions of the bonds.

1.1.2 Business activities

(a) Partnerships

In early January 2019, Orange and Groupama signed an agreement to create a joint venture called Protectline, operating in remote surveillance of property. 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.

At the end of January 2019, Groupama partnered with MiiMOSA, the first crowdfunding platform dedicated to agriculture and food, to offer a financing solution to its agricultural members.

At the beginning of April 2019, the Groupama group entered into a partnership with WINCHApps to offer a fully digital individualised social review to its corporate savings and pensions customers.

On 5 November 2019, the Groupama group partnered with Paylead to enable its member customers to save for their retirement effortlessly. By signing this partnership with Paylead, a specialist in banking data, the Groupama group is affirming its innovation policy around retirement products.

On 17 December 2019, the Groupama group and Milleis Banque announced the signing of a partnership dedicated to wealth management customers. This agreement aims to offer Groupama’s wealth management customers access to the private banking services offered by Milleis Banque, an independent player in asset management in France. The partnership with Milleis Banque adds to the services already offered to customers and members in France, giving them access to a wide range of products and solutions with various risk profiles.

On 19 December 2019, La Banque Postale and the Groupama group announced the signing of a memorandum of understanding for La Banque Postale to acquire Groupama’s 35% stake in La Banque Postale IARD and the extension of their cooperation in the areas of legal protection and assistance.

(b) Property

On 3 October 2019, the Groupama group announced the sale of 79, avenue des Champs-Élysées by its subsidiary Groupama Immobilier to the Norwegian sovereign wealth fund Norges Bank Investment Management for €613 million. The capital gain from this sale was €445 million before tax and profit sharing.

(c) Socially responsible investment strategy

As a mutual insurer and responsible investor, the Groupama group places climate change at the heart of its commitments.

At the end of April 2019, the Groupama group and Natixis innovated with a unit-linked product committed to the energy transition. As part of a proactive approach to combating global warming, Natixis and Groupama Gan Vie, a subsidiary of the Groupama group, have partnered to launch the first green debt instrument, 100% committed to the energy transition.

On 19 September 2019, the Groupama group, Crédit Agricole Assurances, and the Banque des Territoires announced the signing of an agreement under which the Banque des Territoires and Groupama will acquire a stake in Prédica Energies Durables (PED), a subsidiary of Crédit Agricole Assurances dedicated to investments in renewable energy production assets, alongside Engie, a leader in solar and wind energy production in France.

(d) Acquisition

On 31 October 2019, the Groupama group announced the acquisition by its Bulgarian subsidiary Groupama Zhivotozastrahovane of the life insurance company Express Life Insurance from DSK Bank EAD & Expressbank AD, subsidiaries of OTP Bank Plc. The Express Life Insurance integration process is expected to be completed in 2020. With this transaction, Groupama is expected to double its market share in Bulgaria and reach the number 3 position in the borrower insurance segment and the number 5 position in the life accident insurance sector.

(e) Amaline

Amaline’s portfolio was sold to the regional mutuals. This transaction has no impact on the insurance technical commitments in the consolidated financial statements net of reinsurance.

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 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 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 the solvency and meeting of commitments of each of the organisations within the network and of the entire Group;
- to prepare the consolidated and combined financial statements.

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

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

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

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

- within the Groupama Assurances Mutuelles Division, by capital ties. The subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain operational autonomy, each of the subsidiaries is subject to the requirements and obligations defined by the Groupama Assurances Mutuelles environment, particularly in terms of control;
- in the Mutual Insurance Division:
  - by an internal reinsurance agreement that binds 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 financial statements

The consolidated financial statements as at 31 December 2019 were approved by the Board of Directors, which met on 12 March 2020.

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 2019 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 2019 have been applied for the preparation of the Group's financial statements at 31 December 2019. They have had no significant effect on the Group's financial statements as at 31 December 2019 for the following standards and interpretations:

- amendment to IAS 28: Long-term interests in associates and joint ventures;
- amendments to IAS 19: Plan Amendment, Curtailment or Settlement;
- IFRIC 23: Uncertain tax positions.

The mandatory application of IFRS 16 "Leases" since 1 January 2019 modifies the accounting treatment of leases entered into by the Group as a tenant. All leases must now be recorded in the balance sheet, with the recognition of an asset representing the right to use the leased asset during the term of the contract and a liability for the rent payment obligation. In the income statement, an amortisation expense for the right to use the asset and a financial expense relating to interest on rent liabilities partially replace the operating expense previously recorded for rent.

In accordance with the exemptions provided for in IFRS 16, the Group has chosen to apply the optional treatment provided for in IFRS 16 for leases with a term of less than 12 months and for leases for low-value assets by recognising the rents from these assets as expenses in the income statement.

The Group has chosen not to present the rights of use relating to leases on a separate line of the balance sheet but to aggregate them in the fixed-asset lines corresponding to the underlying assets: "Operating property" and "Other plant, property, and equipment". IFRS 16 rent liabilities are presented on a separate line in the balance sheet: "IFRS 16 rent liabilities".

The Group chose to apply the simplified retrospective approach under IFRS 16 on the date of first application, 1 January 2019, without restatement of comparative periods using the following simplification measures provided for in the standard on transition:

- use of a discount rate unique to a portfolio of contracts with relatively similar characteristics;
- exclusion of contracts with a residual duration of less than 12 months;
- non-consideration of initial direct costs.

The discount rates applied at the transition date are based on the Group's marginal borrowing rate plus a spread to take into account the economic environments specific to each lessee country.

Due to the use of the simplified retrospective method, the application of IFRS 16 has no impact on the Group's opening group's equity at 1 January 2019. In terms of the impact of the standard on the presentation of the balance sheet, the amounts of the rental liability and the right of use recognised at 1 January 2019 both amount to €200 million.

The difference between the amount of rental liability recognised as at 1 January 2019 and the amount of commitments arising from operating leases presented under IAS 17 at 31 December 2018 corresponds to the discounting of these commitments and to the fact that the commitments identified at 31 December 2018 of €302 million correspond to all property lease commitments, including those for which a simplification measure was applied at the transition.

Regarding IFRS 9 on financial instruments and its amendment "Prepayment features with negative compensation", the Group chose to defer their application in accordance with IFRS 4 "Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts", which allows groups whose main business is insurance to defer the application of IFRS 9 at the latest until the annual periods beginning on or after 1 January 2021. The Group meets the eligibility criteria defined in the amendment to defer the application of IFRS 9.

The rules for application of IFRS 9 and its potential impact on the Group's consolidated 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 defer application of IFRS 9, and that consolidate their related companies using the equity method to preserve the financial statements prepared by such related companies for the purposes of producing their 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 and its potential impact on the consolidated financial statements is currently in progress. This work is being carried out in conjunction with the IFRS 9 impact analysis and includes the IASB's provisional decision from November 2018, confirmed by the IASB's Exposure Draft on the IFRS 17 amendment of June 2019, to defer the entry into force of both IFRS 17 and IFRS 9 by one year to 1 January 2022.

Decisions taken by the Group are based particularly on the January 2007 summary of the work undertaken by the CNC working groups on the specifics of implementing IFRS by insurance providers.

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 group's equity, the statement of changes in group's 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 make assumptions and estimates that have an impact on the amount of assets, liabilities, income, and expenses as well as on the drafting of the related notes.

These estimates and assumptions are reviewed on a regular basis. They are based on past experience and other factors, including future events 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 3.14);
- 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 financial statements 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 consolidation involves:

- 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 51 to the financial statements.

2.3.3 Uniformity of accounting principles

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

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

2.3.4 Conversion of financial statements of foreign companies

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

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

2.3.5 Internal transactions between companies consolidated by Groupama 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).

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

- reciprocal receivables and payables as well as reciprocal income and expenses;

- notes receivable and notes payable are offset but, if the receivable is discounted, the credit facility granted to the Group is substituted for the note payable;
- transactions affecting commitments received and given;
- inward reinsurance, outward reinsurance and retrocessions;
- co-insurance and co-reinsurance operations and pooled management;
- broker and intermediation transactions;
- contractual sharing of premium income of group policies;
- reserves for the write-down of equity interests funded by the Company holding the securities and, if applicable, 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 on the balance sheet, goodwill is recorded on the balance sheet in a special asset item as an intangible asset.

Residual goodwill results from the price paid above the Group's share in the fair value of the identifiable assets and liabilities of the acquired company as at the acquisition date, revalued for the share of any intangible assets identified in the acquisition accounting according to revised IFRS 3 (fair value of assets and liabilities acquired). The price paid includes the best possible estimate of the price add-ons (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 of the acquisition cost and in income for combinations carried out on or after 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 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 less selling costs if there is an active market;
- otherwise, the best possible information, with reference to comparable transactions.

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

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

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

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

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

The offset of this debt, equal to the price of the option (value of the share), is recognised in goodwill for put options granted before 1 January 2010 or as a reduction of non-controlling interests and/or group's 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 business investments

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

3.2.1 Financial assets

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

(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 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 category of assets available-for-sale, into:

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

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

(c) Initial recognition

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

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

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

Repurchase transactions are maintained as assets on the balance sheet.

(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 understood as depending on the classification of the financial instrument in one of the four categories given above.

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

Financial assets held to maturity, unlisted equities for which the fair value cannot be 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 group's 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 2019, there is objective evidence of impairment in the following cases:

- the financial investment was already covered by a reserve at the previous published close; or
- a 50% discount is observed as at the closing date; or
- the financial investment has been in a continuous unrealised loss position with respect to its book value over the last 36 months prior to the balance sheet date.

For securities considered strategic securities, 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 group's 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 disposal are recorded on the income statement on the date of realisation and represent the difference between the sale price and the net book value of the asset.

3.2.2 Investment property

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

(a) Initial recognition

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

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

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

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

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

(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. Acquisition cost of the property is the outcome either of outright acquisition, or 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.

Rental income is recognised 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;
- during each five-year period, the real estate is subject to an annual appraisal certified by the expert.

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

3.3.2 Hedging derivatives

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

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

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

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

3.3.3 Embedded derivatives

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

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

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

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

3.4 Investments in associates 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 held-for-sale assets and discontinued businesses

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

3.6 Tangible fixed assets

3.6.1 Operating activities property

The Group has chosen to value directly owned 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.

Assets associated with the right of use of leased operating property are initially recognised at their cost consisting of the initial amount of the rent liability, advance payments made to the lessor net of any benefits received from the lessor, the initial direct costs incurred by the lessee in entering into the lease, and the estimated costs of dismantling or restoring the leased property.

The right of use is amortised on a straight-line basis over the term of the lease.

The term of the lease is the non-cancellable period of each lease plus the periods covered by options to renew the lease reasonably certain to be exercised and options to terminate reasonably certain not to be exercised by the lessee.

The Group has chosen to apply the optional treatment provided for in IFRS 16 for leases with a term of less than 12 months and for leases on low-value assets by recognising the rents from these assets as expenses in the income statement.

3.6.2 Other property, plant and equipment

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

The depreciation methods reflect the method of economic consumption.

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

The method of recognition and valuation of rights of use of other property, plant and equipment held by the lessee under a lease agreement is identical to the method set out for the rights of use of operating property.

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 Group's 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 investment assets available-for-sale;
- 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 group's equity. Remuneration from these securities is treated like a dividend on group's 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 contingent liabilities

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

(a) Pension commitments

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

The liabilities recorded in the balance sheet for defined-benefit 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

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

In the absence of a specific IFRIC interpretation, commitments to purchase non-controlling interests are recorded in financing 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 group's equity for put options contracted subsequent to this date.

3.11.1 Initial recognition

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

3.11.2 Valuation rules

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

3.11.3 Derecognition

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

3.12 Underwriting 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 and 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.

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

INSURANCE POLICY SERVICING EXPENSES

Non-life insurance policy servicing expenses mainly include benefits and expenses paid and the change in 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 coverage and the ten-year coverage against structural damage.

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

Other underwriting reserves

Actuarial reserves for annuities

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

Reserve for increasing risks

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

DEFERRED ACQUISITION COSTS

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

(b) Life insurance policies and financial contracts with discretionary profit sharing

PREMIUMS

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

INSURANCE POLICY SERVICING EXPENSES

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

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

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

TECHNICAL LIABILITIES RELATED TO LIFE INSURANCE POLICIES AND FINANCIAL CONTRACTS WITH DISCRETIONARY PROFIT SHARING

Actuarial reserves

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

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

Profit-sharing reserve

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

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

The reserve for deferred profit sharing includes:

- the reserve for unconditional profit sharing, which is recognised when a difference is recorded between the bases for calculating future rights in the individual company accounts and the consolidated financial statements;
- the reserve for conditional profit-sharing, which relates to the difference in liabilities between the individual company and the consolidated financial statements, the payment of which depends on a management decision or the occurrence of an event.

In the particular case of restatement in the consolidated financial statements of the capitalisation reserve, a reserve for deferred profit-sharing is determined when the Asset/Liability Management assumptions demonstrate a probable permanent write-back of the total capitalisation reserve. The Group recognised no deferred profit sharing on the restatement of the capitalisation reserve.

Application of shadow accounting

For participatory contracts, the Group has decided to apply shadow accounting, which is intended to pass on to the value of insurance liabilities, deferred acquisition costs and the intangible assets related to insurance policies, the effects of taking into account the unrealised gains and losses on financial assets valued at fair value. Deferred profit-sharing is recognised through the revaluation reserve or the income statement, depending on whether these gains and losses have been recognised in the reserve or in the income statement.

Shadow accounting is applied on the basis of a profit-sharing rate that is estimated and applied to unrealised gains and losses. This rate takes into account the application of regulatory and contractual conditions for the calculation of profit sharing and is determined using a prospective sharing rate method based on three-year business plans.

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

Other underwriting reserves

Overall management expenses reserve

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

Deferred acquisition costs

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

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

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

(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. The premiums collected and the benefits are thus booked on the balance sheet. Management charges and expenses for the contracts are recorded in income. Unearned income is deferred over the estimated life of the contract.

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

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

3.12.4 Reinsurance operations

(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 IFRS 16 rent liabilities

On the effective date of the lease, the debt representing the obligation to pay the rents is recognised for an amount equal to the present value of the rents over the term of the lease.

The amounts taken into account for rents in the valuation of the initial debt are:

- fixed rents;
- variable rents based on a rate or index using the rate or index as of the effective date of the lease;
- payments to be made by the lessee under a residual value guarantee;
- penalties for termination or non-renewal of the lease; and
- the exercise price of an option to purchase if it is reasonably certain that the option will be exercised.

Rents are discounted at the implicit interest rate of the lease if it is easily determined or, if it is not, at the lessee's marginal debt rate.

The rent liability is recognised at amortised cost using the effective interest rate method. It is revalued in the following situations:

- revision of the term of the lease;
- modification relating to the assessment of the reasonably certain (or not) nature of the exercise of an option to purchase;
- reassessment of residual value guarantees;
- revision of the rates or indices on which the rents are based when the rent adjustment takes place.

3.14 Taxes

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

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

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

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

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

Deferred tax assets and liabilities are valued 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.

3.15 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 35.2), 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 within the Groupama Assurances Mutuelles scope of consolidation.

3.16 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

1.1 Segment reporting by operating segment

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Intangible assets	862	1,174	2,035	841	1,295	2,136
Insurance business investments	76,356	7,387	83,743	71,624	6,838	78,462
Funds used in banking sector activities and investments of other business activities	121		121	112		112
Investments in related companies and joint ventures	155	144	299	347	138	485
Share of outward reinsurers and retrocessionaires in liabilities relating to insurance and financial contracts	1,452	111	1,563	1,387	101	1,488
Other assets	4,536	739	5,275	4,253	833	5,086
Assets held for sale and discontinued business activities	115		115	150		150
Cash and cash equivalents	290	129	419	457	130	587
CONSOLIDATED TOTAL ASSETS	**83,887**	**9,684**	**93,571**	**79,171**	**9,335**	**88,506**
Reserves for contingent liabilities	275	81	356	310	73	384
Financing debt	1,630		1,630	1,633		1,633
Technical liabilities relating to insurance policies	53,278	4,763	58,041	51,567	4,636	56,203
Technical liabilities relating to financial contracts	10,274	1,953	12,227	10,852	1,892	12,744
Deferred profit-sharing liabilities	5,369	126	5,494	3,746	57	3,804
Resources from banking sector activities	14		14	7		7
Other liabilities	9,432	271	9,703	8,166	239	8,406
Liabilities of held-for-sale or discontinued businesses						
TOTAL CONSOLIDATED LIABILITIES EXCLUDING GOUP'S EQUITY	**80,271**	**7,193**	**87,465**	**76,282**	**6,898**	**83,180**

1.2 Segment reporting by business

	31.12.2019									
	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	**3,516**	**4,703**			**8,219**	**1,548**	**720**		**2,268**	**10,487**
Net banking income, net of cost of risk			**153**		**153**					**153**
Investment income	122	1,711		5	1,837	108	115	4	227	2,064
Investment expenses	(57)	(515)		(3)	(575)	(36)	(19)		(55)	(630)
Capital gains or losses from divestments net of impairment and depreciation write-backs	35	538		13	586	10	6		16	602
Change in fair value of financial instruments recorded at fair value through income	(4)	1,380		(3)	1,373		72		72	1,445
Change in impairment on investments	(1)				(1)	(1)	(1)		(2)	(3)
Total income from ordinary businesses	**3,612**	**7,817**	**153**	**10**	**11,592**	**1,629**	**893**	**4**	**2,526**	**14,117**
Insurance policy servicing expenses	(2,198)	(6,378)			(8,575)	(1,262)	(722)		(1,984)	(10,559)
Income on outward reinsurance	306	100			406	48	2		51	457
Expenses on outward reinsurance	(441)	(115)			(555)	(50)	(3)		(53)	(608)
Banking operating expenses			(104)		(104)					(104)
Policy acquisition costs	(515)	(446)			(961)	(327)	(100)		(428)	(1,388)
Administrative costs	(260)	(247)			(507)	(93)	(41)		(134)	(640)
Other current operating income and expenses	(111)	(210)	5	(147)	(464)	(88)	(8)	(1)	(98)	(562)
CURRENT OPERATING INCOME	**393**	**522**	**54**	**(137)**	**833**	**(143)**	**21**	**3**	**(120)**	**713**
Other operating income and expenses	(67)	(1)	(81)		(149)	(101)	(22)		(123)	(271)
OPERATING INCOME	**327**	**521**	**(27)**	**(138)**	**684**	**(244)**	**(1)**	**3**	**(242)**	**441**
Financing expenses	(3)			(93)	(97)	(1)			(1)	(98)
Share in income of related companies			(63)		(63)	(1)			(1)	(64)
Corporate income tax	(162)	(162)	(16)	132	(208)	37	1		37	(171)
NET INCOME FROM CONTINUING BUSINESSES	**161**	**360**	**(106)**	**(99)**	**316**	**(209)**	**(1)**	**2**	**(208)**	**108**
Net income from activities either discontinued or due to be discontinued	(3)				(4)					(4)
TOTAL NET INCOME	**158**	**360**	**(106)**	**(99)**	**313**	**(209)**	**(1)**	**2**	**(208)**	**105**
of which, non-controlling interests		1			1					1
OF WHICH, NET INCOME (GROUP SHARE)	**158**	**359**	**(106)**	**(99)**	**312**	**(209)**	**(1)**	**2**	**(208)**	**104**

	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 divestments 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 businesses	**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 BUSINESSES	**94**	**262**	**(24)**	**4**	**336**	**(18)**	**31**	**2**	**15**	**351**
Net income from activities either discontinued or due to be discontinued				(20)	(20)					(20)
OVERALL 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**

Note 2 Goodwill

2.1 Goodwill

	31.12.2019				31.12.2018
(in millions of euros)	Gross value	Impairment	Foreign exchange adjustment	Net value	Net value
OPENING VALUE	**2,901**	**(697)**	**(304)**	**1,900**	**1,907**
Newly consolidated entities					
Eliminations from the scope of consolidation					
France					
Central and Eastern European countries			(8)	(8)	(7)
Italy		(102)		(102)	
Other changes during the fiscal year		**(102)**	**(8)**	**(110)**	**(7)**
CLOSING VALUE	**2,901**	**(799)**	**(312)**	**1,791**	**1,900**

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 banking/insurance agreements.

Changes during the fiscal year

IMPAIRMENT ON THE CASH-GENERATING UNIT (CGU) IN ITALY:

The Group applied an impairment of the goodwill of the cash-generating unit formed from the Italian subsidiary for €102 million. This impairment is done in a highly competitive market and is in keeping with the decision to conduct enhanced monitoring of the motor insurance portfolio. The implementation of this improvement measure and other technical measures should gradually restore the subsidiary's profitability.

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 countries of the European Union, which are assumed to have a strong possibility of joining the eurozone.

Discounting rates have overall been held at their levels for the previous fiscal year, with identical target rates (8% for the Greek subsidiary, 10% for the Romanian subsidiary, 9% for the Hungarian subsidiary, and 8% for the 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 cash-generating unit 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 coverage of €133 million (while a lowering by 100 basis points would result in excess coverage of €273 million). On this same cash-generating unit, the sensitivity test on a decrease in the long-term growth rate of 50 basis points would result in excess coverage of €161 million (the excess would be €221 million with a favourable change of 50 basis points).

For the goodwill of the cash-generating unit of the Greek subsidiary, Groupama Phoenix, an increase of 100 basis points in the discount rate would lead to excess coverage of €28 million (while a lowering of the discount rate by 100 basis points would result in an excess of €54 million). The sensitivity test on a decrease in the long-term growth rate of 50 basis points would result in excess coverage of €33 million (the excess would be €49 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 €79 million, while a decrease of 100 points would lead to an excess of €260 million. The test on a decrease in the long-term growth rate of 50 basis points would result in an excess of €24 million, whereas an increase of 50 basis points would result in an excess of €120 million.

The simultaneous occurrence of all adverse or favourable scenarios would have an impact nearly identical to the aggregate of the individual impacts.

2.2 Goodwill – Breakdown by cash-generating unit

	31.12.2019			
(in millions of euros)	Gross value	Impairment	Foreign exchange adjustment	Net value
Central and Eastern European countries	1,031	(502)	(196)	332
Italy	781	(102)		679
Turkey	262	(147)	(116)	0
Greece	131	(48)		83
Total International	**2,206**	**(799)**	**(312)**	**1,095**
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**	**(799)**	**(312)**	**1,791**

	31.12.2018			
(in millions of euros)	Gross value	Impairment	Foreign exchange adjustment	Net value
Central and Eastern European countries	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**

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.

During fiscal year 2019, Groupama impaired the goodwill of the cash-generating unit in Italy for €102 million.

Note 3 Held-for-sale or discontinued business activities

3.1 Income from discontinued business activities

During the first half of 2019, Groupama closed the liquidation of its UK subsidiary Groupama UK, a former holding company of brokerage firms sold in 2017. The income from this liquidation appears in the Group's income for a negligible amount.

3.2 Held-for-sale or discontinued business activities

La Banque Postale and the Groupama group signed a non-binding memorandum of understanding for La Banque Postale to acquire Groupama's 35% stake in La Banque Postale Assurances IARD and the extension of their cooperation in the areas of legal protection and assistance.

This transaction will be subject to the necessary procedures with the staff representative bodies prior to the signing of the final agreements. The transaction is expected to take place in the first half of 2020, subject to obtaining the required authorisations from the appropriate regulatory authorities.

Net income for fiscal year 2019 of the subsidiary La Banque Postale Assurances IARD was -€3 million, and the share of net position amounted to €115 million.

Note 4 Other intangible assets

	31.12.2019			31.12.2018		
(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	**435**	**1,280**	**1,715**	**452**	**1,211**	**1,663**
Increase		135	135	1	113	114
Decrease		(79)	(79)	(2)	(40)	(42)
Foreign exchange adjustments	(6)	(3)	(8)	(16)	(3)	(20)
Change in scope of consolidation		1	1			
Closing gross value	**430**	**1,335**	**1,764**	**435**	**1,280**	**1,715**
Opening cumulative amortisation & impairment	**(253)**	**(1,107)**	**(1,359)**	**(251)**	**(1,062)**	**(1,312)**
Increase	(16)	(63)	(78)	(16)	(60)	(76)
Decrease		31	31		12	12
Foreign exchange adjustments	5	2	7	13	3	16
Change in scope of consolidation						
Closing cumulative amortisation & impairment	**(264)**	**(1,137)**	**(1,401)**	**(253)**	**(1,107)**	**(1,359)**
Opening cumulative long-term impairment	**(119)**	**(1)**	**(121)**	**(123)**	**(1)**	**(124)**
Long-term impairment recognised						
Long-term impairment write-backs		1	1	1		1
Foreign exchange adjustments	1		1	3		3
Change in scope of consolidation						
Closing cumulative long-term impairment	**(119)**	**0**	**(119)**	**(119)**	**(1)**	**(121)**
OPENING NET VALUE	**63**	**172**	**235**	**78**	**148**	**227**
CLOSING NET VALUE	**47**	**198**	**245**	**63**	**172**	**235**

The Group's intangible assets are split into two categories:

- intangible assets related to insurance business;
- other intangible assets.

Intangible assets related to insurance business

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

Other intangible assets

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

4.1 Other intangible assets – By operating segment

	31.12.2019						31.12.2018	
	Intangible assets related to insurance business		Other intangible assets		Total		Total	
(in millions of euros)	France	Inter-national	France	Inter-national	France	Inter-national	France	Inter-national
Closing gross value		**429**	**1,143**	**192**	**1,143**	**621**	**1,110**	**605**
Closing cumulative amortisation & impairment		(264)	(977)	(160)	(977)	(424)	(965)	(395)
Closing cumulative long-term impairment		(119)				(119)		(120)
Amortisation and reserves		**(382)**	**(977)**	**(160)**	**(977)**	**(543)**	**(965)**	**(516)**
NET BOOK VALUE		**47**	**166**	**32**	**166**	**79**	**145**	**90**

Note 5 Investment property excluding unit-linked investments

	31.12.2019			31.12.2018		
(in millions of euros)	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	**1,009**	**51**	**1,060**	**1,284**	**52**	**1,336**
Acquisitions	46	2	48	28	2	30
Change in scope of consolidation						
Subsequent expenditure						
Assets capitalised in the year	64		64	170		170
Transfer from/to unit-linked property						
Transfer from/to operating property	1		1			
Foreign exchange adjustments						
Outward reinsurance	(57)	(1)	(58)	(321)	(3)	(324)
Other				(153)		(153)
Closing gross value	**1,063**	**52**	**1,115**	**1,009**	**51**	**1,060**
Opening cumulative amortisation & impairment	**(169)**		**(169)**	**(186)**		**(186)**
Increase	(23)		(23)	(19)		(19)
Change in scope of consolidation						
Transfer from/to unit-linked property						
Transfer from/to operating property						
Decrease	17		17	36		36
Other				1		1
Closing cumulative amortisation & impairment	**(175)**		**(175)**	**(169)**		**(169)**
Opening cumulative long-term impairment	**(9)**		**(10)**	**(19)**		**(19)**
Long-term impairment recognised						
Change in scope of consolidation						
Transfer from/to operating property						
Long-term impairment write-backs				9		9
Closing cumulative long-term impairment	**(9)**		**(9)**	**(9)**		**(10)**
Opening net value	**831**	**51**	**882**	**1,080**	**52**	**1,132**
Closing net value	**878**	**52**	**930**	**831**	**51**	**882**
Closing fair value of investment property	**2,440**	**149**	**2,589**	**2,327**	**136**	**2,463**
UNREALISED CAPITAL GAINS/LOSSES	**1,562**	**97**	**1,659**	**1,496**	**85**	**1,581**

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 €563 million as at 31 December 2019 (net of profit sharing and tax), compared with €507 million as at 31 December 2018.

Sales of properties during the fiscal year include mainly sales by vacant lots of the Group's residential assets.

As per the fair value hierarchy established in IFRS 13, the fair value of investment property is ranked as Level 2 for €2,514 million and Level 3 for €75 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.

5.1 Investment property – by operating segment

	31.12.2019						31.12.2018					
	Property			SCI units			Property			SCI units		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total	France	International	Total
Gross value	1,049	14	1,063	52		52	994	15	1,009	51		51
Cumulative amortisation & impairment	(172)	(3)	(175)				(165)	(4)	(169)			
Long-term impairment	(8)	(2)	(9)				(8)	(2)	(9)			
Closing net value	**870**	**9**	**878**	**52**		**52**	**821**	**10**	**831**	**51**		**51**
Closing fair value of investment property	**2,417**	**23**	**2,440**	**149**		**149**	**2,303**	**25**	**2,327**	**136**		**136**
UNREALISED CAPITAL GAINS/LOSSES	**1,548**	**14**	**1,562**	**97**		**97**	**1,481**	**15**	**1,496**	**85**		**85**

Note 6 Operating property

	31.12.2019				31.12.2018		
(in millions of euros)	Property	Right of use	SCI units	Total	Property	SCI units	Total
Opening gross value	**566**		**10**	**576**	**555**	**10**	**565**
Acquisitions	1	236		236	3		3
Change in scope of consolidation							
Assets capitalised in the year	19			19	10		10
Transfer from/to investment property	(1)			(1)			
Foreign exchange adjustments	(1)			(1)	(1)		(1)
Outward reinsurance	(71)			(71)	(2)		(2)
Other							
Closing gross value	**514**	**235**	**10**	**759**	**566**	**10**	**576**
Opening cumulative amortisation & impairment	**(109)**			**(109)**	**(102)**		**(102)**
Increase	(6)	(27)		(33)	(12)		(12)
Change in scope of consolidation							
Transfer from/to investment property							
Decrease	22			22	4		4
Other							
Closing cumulative amortisation & impairment	**(93)**	**(27)**		**(120)**	**(109)**		**(109)**
Opening cumulative long-term impairment	**(99)**			**(99)**	**(85)**		**(85)**
Long-term impairment recognised					(13)		(13)
Change in scope of consolidation							
Transfer from/to investment property							
Long-term impairment write-backs	26			26			
Closing cumulative long-term impairment	**(73)**			**(73)**	**(99)**		**(99)**
Opening net value	**358**		**10**	**368**	**368**	**10**	**378**
Closing net value	**348**	**208**	**10**	**566**	**358**	**10**	**368**
Closing fair value of operating property	**574**	**208**	**15**	**796**	**589**	**16**	**605**
UNREALISED CAPITAL GAINS (LOSSES)	**226**	**0**	**5**	**231**	**231**	**6**	**237**

Divestments and reserve reversals for the fiscal year are mainly related to the sale of a Paris suburb property by Groupama Gan Vie.

It should be noted that the Group has applied IFRS 16 since 1 January 2019: leases are now recognised as an asset as well as a liability for the rent payment obligation.

6.1 Operating property – by operating segment

	31.12.2019								
	Property			Right of use			SCI units		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Gross value	407	106	514	206	29	235	10		10
Cumulative amortisation & impairment	(77)	(16)	(93)	(23)	(4)	(27)			
Long-term impairment	(68)	(4)	(73)						
Closing net value	**262**	**86**	**348**	**184**	**24**	**208**	**10**		**10**
Closing fair value of operating property	**489**	**85**	**574**	**184**	**24**	**208**	**15**		**15**
UNREALISED CAPITAL GAINS/LOSSES	**227**	**(1)**	**226**	**0**	**0**	**0**	**5**		**5**

	31.12.2018								
	Property			Right of use			SCI units		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Gross value	457	109	566				10		10
Cumulative amortisation & impairment	(94)	(15)	(109)						
Long-term impairment	(94)	(5)	(99)						
Closing net value	**269**	**89**	**358**				**10**		**10**
Closing fair value of operating property	**499**	**89**	**589**				**16**		**16**
UNREALISED CAPITAL GAINS/LOSSES	**231**	**0**	**231**				**6**		**6**

Note 7 Financial investments (excluding unit-linked items)

(in millions of euros)	31.12.2019 Net value	31.12.2018 Net value
Assets valued at fair value	70,286	66,824
Assets valued at amortised cost	1,326	1,229
TOTAL FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS	**71,612**	**68,053**

The bond security repurchase agreement business generated €4,152 million versus €4,526 million at 31 December 2018. The cash from these repurchase agreements is invested in specific funds held directly.

7.1 Investments valued at fair value by operating segment

	31.12.2019								
	Net amortised cost			Fair value[1]			Gross unrealised capital gains (losses)		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	1,894	280	2,174	2,754	334	3,089	860	54	914
Bonds and other fixed-income investments	42,666	4,895	47,562	49,312	5,304	54,616	6,646	409	7,054
Other investments									
Total available-for-sale assets	**44,561**	**5,176**	**49,736**	**52,067**	**5,638**	**57,705**	**7,506**	**463**	**7,969**
Trading assets									
Equities and other variable-income investments classified as “trading”	1	1	2	1	1	2			
Equities and other variable-income investments classified as “held for trading”	337	3	339	337	3	339			
Bonds and other fixed-income investments classified as “trading”	1		1	1		1			
Bonds and other fixed-income investments classified as “held for trading”	3,680	111	3,792	3,680	111	3,792			
Cash mutual funds classified as “trading”	5,914	20	5,933	5,914	20	5,933			
Cash mutual funds classified as “held for trading”	2,326	188	2,514	2,326	188	2,514			
Other investments classified as “trading”									
Other investments classified as “held for trading”									
Total trading assets	**12,259**	**322**	**12,581**	**12,259**	**322**	**12,581**			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	**56,819**	**5,498**	**62,317**	**64,325**	**5,961**	**70,286**	**7,506**	**463**	**7,969**

(1) *For investments measured at fair value, the net value on the balance sheet corresponds to the fair value.*

	31.12.2018								
	Net amortised cost			Fair value[1]			Gross unrealised capital gains (losses)		
(in millions of euros)	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	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 measured at fair value, the net value on the balance sheet corresponds to the fair value.

7.2 Investments valued at fair value by type

	31.12.2019								
	Net amortised cost			Fair value(1)			Gross unrealised capital gains (losses)		
(in millions of euros)	Francdnter-national		Total	Francdnter-national		Total	Francdnter-national		Total
Equities and other variable-income investments									
Available-for-sale assets	1,894	280	2,174	2,754	334	3,089	860	54	914
Assets classified as “trading”	1	1	2	1	1	2			
Assets classified as “held for trading”	337	3	339	337	3	339			
Total equities and other variable-income investments	**2,232**	**283**	**2,515**	**3,092**	**337**	**3,430**	**860**	**54**	**914**
Bonds and other fixed-income investments									
Available-for-sale assets	42,666	4,895	47,562	49,312	5,304	54,616	6,646	409	7,054
Assets classified as “trading”	1		1	1		1			
Assets classified as “held for trading”	3,680	111	3,792	3,680	111	3,792			
Total bonds and other fixed-income investments	**46,347**	**5,007**	**51,355**	**52,993**	**5,416**	**58,409**	**6,646**	**409**	**7,054**
Cash mutual funds									
Assets classified as “trading”	5,914	20	5,933	5,914	20	5,933			
Assets classified as “held for trading”	2,326	188	2,514	2,326	188	2,514			
Total cash mutual funds	**8,240**	**208**	**8,447**	**8,240**	**208**	**8,447**			
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	**56,819**	**5,498**	**62,317**	**64,325**	**5,961**	**70,286**	**7,506**	**463**	**7,969**

(1) *For investments measured at fair value, the net value on the balance sheet corresponds to the fair value.*

(in millions of euros)	31.12.2018 Net amortised cost France	Inter-national	Total	Fair value[1] France	Inter-national	Total	Gross unrealised capital gains (losses) France	Inter-national	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			
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 measured at fair value, the net value on the balance sheet corresponds to the fair value.

7.3 Investments valued at amortised cost in net value

(in millions of euros)	31.12.2019 France	International	Total	31.12.2018 France	International	Total
Loans	61	55	116	68	57	125
Deposits	943	209	1,152	799	237	1,036
Other	58		58	68		68
TOTAL FINANCIAL INVESTMENT VALUED AT AMORTISED COST	**1,061**	**264**	**1,326**	**935**	**294**	**1,229**

7.4 Reserves for impairment of investments

(in millions of euros)	31.12.2019 Gross	31.12.2019 Reserves	31.12.2019 Net	31.12.2018 Gross	31.12.2018 Reserves	31.12.2018 Net
Available-for-sale assets						
Equities and other variable-income investments	2,377	(203)	2,174	2,458	(248)	2,210
Bonds and other fixed-income investments	47,566	(4)	47,562	46,531	(3)	46,528
Other investments						
TOTAL AVAILABLE-FOR-SALE ASSETS	**49,943**	**(207)**	**49,736**	**48,988**	**(250)**	**48,738**
Financial investments valued at amortised cost	1,327	(1)	1,326	1,230	(1)	1,229
FINANCIAL INVESTMENTS VALUED AT AMORTISED COST	**1,327**	**(1)**	**1,326**	**1,230**	**(1)**	**1,229**

Total reserves for long-term impairment on investments measured at fair value were €207 million, compared with €250 million at 31 December 2018.

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

The amount of reserves for long-term impairment on investments valued at amortised cost is unchanged and remains at €1 million.

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

7.5 Financial investments – by currency

(in millions of euros)	31.12.2019 Euro	Dollar	Pound	Other	Total
Available-for-sale assets					
Equities and other variable-income investments	1,951	394	7	737	3,089
Bonds and other fixed-income investments	53,783	34	199	601	54,616
Other investments					
Total available-for-sale assets	**55,734**	**427**	**206**	**1,338**	**57,705**
Trading assets					
Equities and other variable-income investments classified as “trading”	2				2
Equities and other variable-income investments classified as “held for trading”	339				339
Bonds and other fixed-income investments classified as “trading”	1				1
Bonds and other fixed-income investments classified as “held for trading”	3,785			6	3,792
Cash mutual funds classified as “trading”	5,911	23			5,933
Cash mutual funds classified as “held for trading”	2,514				2,514
Other investments classified as “trading”					
Other investments classified as “held for trading”					
Total trading assets	**12,552**	**23**		**6**	**12,581**
Loans and receivables					
Loans	76			40	116
Deposits	939			213	1,152
Other investments	48	10			58
Total loans and receivables	**1,063**	**10**		**253**	**1,326**
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND UNIT-LINKED ITEMS)	**69,349**	**461**	**206**	**1,597**	**71,612**

The above figures do not include the hedging in place for foreign exchange risk (forward currency sales or currency swaps).

(in millions of euros)	31.12.2018 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 in place for foreign exchange risk (forward currency sales or currency swaps).

7.6 Breakdown of listed investments

(in millions of euros)	31.12.2019	31.12.2018
Equities	1,455	1,428
Shares in fixed-income mutual funds	5,303	5,521
Shares in other mutual funds	1,685	1,335
Cash mutual funds	8,447	8,023
Bonds and other fixed-income securities	52,985	50,093
TOTAL LISTED INVESTMENTS	**69,875**	**66,399**

At 31 December 2019, total long-term impairment reserves for unlisted investments measured at fair value were €165 million, compared with €208 million at 31 December 2018.

7.7 Breakdown of unlisted investments

(in millions of euros)	31.12.2019	31.12.2018
Equities at fair value	290	283
Bonds and other fixed-income securities at fair value	121	142
Other investments at fair value		
Loans at amortised cost	116	125
Other investments at amortised cost	1,210	1,104
TOTAL UNLISTED INVESTMENTS	**1,737**	**1,654**

At 31 December 2019, total long-term reserves for listed investments measured at fair value were €42 million, unchanged compared with 31 December 2018.

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.).

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.

	31.12.2019			31.12.2018		
(in millions of euros)	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
Available-for-sale	50,776	1,456	52,232	47,803	1,450	49,253
Classified as "trading"						
Classified as "held for trading"	613	140	753	815	25	840
Total listed bonds	**51,388**	**1,596**	**52,985**	**48,618**	**1,475**	**50,093**
Unlisted bonds						
Available-for-sale	99	5	104	89	24	113
Classified as "trading"						
Classified as "held for trading"	5	12	17	5	23	29
Total unlisted bonds	**105**	**16**	**121**	**94**	**47**	**142**
TOTAL BOND PORTFOLIO	**51,493**	**1,613**	**53,106**	**48,713**	**1,522**	**50,235**

7.8.2 Bond portfolio – by maturity

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

	31.12.2019				31.12.2018			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Listed bonds								
Available-for-sale	2,610	15,545	34,076	52,232	2,252	14,376	32,625	49,253
Classified as "trading"								
Classified as "held for trading"	34	362	357	753	16	373	451	840
Total listed bonds	**2,644**	**15,908**	**34,433**	**52,985**	**2,268**	**14,749**	**33,076**	**50,093**
Unlisted bonds								
Available-for-sale			104	104		10	103	113
Classified as "trading"								
Classified as "held for trading"	2	15		17	1	28		29
Total unlisted bonds	**2**	**15**	**104**	**121**	**1**	**38**	**104**	**142**
TOTAL BOND PORTFOLIO	**2,645**	**15,923**	**34,537**	**53,106**	**2,269**	**14,786**	**33,179**	**50,235**

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.

7.8.3 Bond portfolio – by rating

	31.12.2019						
(in millions of euros)	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	2,878	24,666	10,650	13,591	160	287	52,232
Classified as "trading"							
Classified as "held for trading"	54	48	618	20		13	753
Total listed bonds	**2,932**	**24,714**	**11,268**	**13,612**	**160**	**300**	**52,985**
Unlisted bonds							
Available-for-sale			5	99		1	104
Classified as "trading"							
Classified as "held for trading"						17	17
Total unlisted bonds			**5**	**99**		**18**	**121**
TOTAL BOND PORTFOLIO	**2,932**	**24,714**	**11,273**	**13,710**	**160**	**317**	**53,106**

	31.12.2018						
(in millions of euros)	**AAA**	**AA**	**A**	**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**

7.8.4 Bond portfolio – by type of issuer

(in millions of euros)	**31.12.2019**	**31.12.2018**
Bonds issued by EU Member States	33,117	31,680
Bonds issued by States outside the EU	338	212
Bonds from public and semi-public sectors	3,228	3,245
Corporate bonds	16,330	15,005
Other bonds (including bond funds)	91	93
TOTAL BOND PORTFOLIO	**53,106**	**50,235**

7.9 Hierarchy of fair value

Pursuant to IFRS 13 on valuation at fair value, 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.

	31.12.2019				31.12.2018			
(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	2,708	62	319	3,089	2,273	79	338	2,690
Bonds and other fixed-income investments	52,835	725	1,056	54,616	49,846	528	1,136	51,509
Other investments								
Total available-for-sale assets	**55,543**	**787**	**1,375**	**57,705**	**52,119**	**607**	**1,473**	**54,199**
Trading assets								
Equities and other variable-return investments classified as “trading” or “held for trading”	50		291	341	71		285	356
Bonds and other fixed-income investments classified as “trading” or “held for trading”	3,045	435	313	3,793	3,367	530	349	4,246
Cash mutual funds classified as “trading” or “held for trading”	8,447			8,447	8,023			8,023
Other investments								
Total trading assets	**11,542**	**435**	**604**	**12,581**	**11,461**	**530**	**634**	**12,625**
SUB-TOTAL FINANCIAL INVESTMENTS AT FAIR VALUE (EXCLUDING UNIT-LINKED ITEMS)	**67,085**	**1,222**	**1,979**	**70,286**	**63,580**	**1,137**	**2,108**	**66,824**
Investments in unit-linked policies	7,548	2,722	228	10,497	6,135	2,607	303	9,045
Derivative assets and liabilities		(499)		(499)		(487)		(487)
TOTAL FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE	**74,633**	**3,445**	**2,207**	**80,285**	**69,715**	**3,257**	**2,410**	**75,382**

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

Derivatives posted to assets totalled €138 million, and derivatives posted to liabilities in the balance sheet totalled €636 million at 31 December 2019. These instruments are classified in level 2.

The Level 3 investments comprise:

- for equities, these largely involve shares of private equity funds and unlisted equities. The private equity fund units are valued based on the latest net asset values. 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

	31.12.2019								
	Available-for-sale assets			Trading assets					
(in millions of euros)	Equities	Bonds	Other investments	Equities	Bonds	Cash mutual funds	Other investments	Investments in unit-linked policies	Derivative assets and liabilities
LEVEL 3 OPENING AMOUNT	**338**	**1,136**		**285**	**349**			**303**	
Change in unrealised capital gains/losses recognised in:									
■ income	(1)			(50)	(39)			9	
■ gains and losses recognised directly in group's equity	(27)	(191)							
Transfer to level 3									
Transfer outside of level 3		(11)							
Reclassification to loans and receivables									
Change in scope of consolidation									
Acquisitions	23	184		78	3			3	
Divestments/Redemptions	(13)	(62)		(22)				(83)	
Foreign exchange adjustments	(1)							(4)	
LEVEL 3 CLOSING AMOUNT	**319**	**1,056**		**291**	**313**			**228**	

7.10 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 between i) SPPI (Solely Payment of Principal and Interest) financial assets not held for trading and where neither management nor assessment of performance is based on the fair value, and ii) other assets is as follows:

	31.12.2019			31.12.2018			Variation		
(in millions of euros)	SPPI[1] financial assets not held for trading where neither management nor assessment of performance is based on the fair value	Other assets	Total	SPPI[1] financial assets not held for trading where neither management nor assessment of performance is based on the fair value	Other assets	Total	SPPI[1] financial assets not held for trading where neither management nor assessment of performance is based on the fair value	Other assets	Total
Equities and other variable-income investments		3,430	3,430		3,046	3,046		383	383
Bonds and other fixed-income investments	51,164	7,245	58,409	48,342	7,413	55,755	2,822	(168)	2,654
Cash mutual funds		8,447	8,447		8,023	8,023		424	424
Other investments									
Total financial investments valued at fair value	**51,164**	**19,122**	**70,286**	**48,342**	**18,483**	**66,824**	**2,822**	**640**	**3,462**
Loans, deposits, other investments at amortised cost	1,219	107	1,326	1,104	125	1,229	115	(18)	97
TOTAL OF FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS	**52,383**	**19,229**	**71,612**	**49,446**	**18,607**	**68,053**	**2,937**	**622**	**3,558**
Unit-linked financial investments		10,392	10,392		8,935	8,935		1,457	1,457

(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 breaks down by rating those SPPI investments not held for trading where neither management nor assessment of performance is based on the fair value.

	31.12.2019						
(in millions of euros)	AAA	AA	A	BBB	<BBB	Not rated	Total
Financial assets at book value determined according to IAS 39	2,770	24,414	10,196	13,273	322	1,408	52,383
SPPI[1] financial assets not held for trading where neither management nor assessment of performance is based on the fair value	2,770	24,414	10,196	13,273	322	1,408	52,383

(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.*

Note 8 Investments representing commitments in unit-linked investments

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Variable-income securities and related securities		3	3		3	3
Bonds	2,672	262	2,934	2,551	397	2,948
Equity mutual fund units	6,327	198	6,525	5,220	171	5,391
Bond and other mutual fund units	350	485	835	197	251	448
Other investments		96	96		145	145
Subtotal of unit-linked financial investments	**9,349**	**1,043**	**10,392**	**7,968**	**968**	**8,935**
Unit-linked investment property	105		105	110		110
Subtotal of unit-linked investment property	**105**		**105**	**110**		**110**
TOTAL	**9,454**	**1,043**	**10,497**	**8,077**	**968**	**9,045**

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

	31.12.2019					
	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	136	(636)			136	(636)
Options						
Foreign currency futures	1				1	
Other						
TOTAL	**138**	**(636)**			**138**	**(636)**

	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)**

The Group makes use of various derivatives:

- 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.

These derivatives are not recorded as hedging transactions in the sense of IAS 39. As per the principles described in Note 3.3 to the 31 December 2019 financial statements, they are recognised at fair value on the balance sheet as counterpart to the income statement.

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

Note 10 Uses and sources of funds for financial sector business activities

10.1 Uses of funds for financial sector activities

	31.12.2019			31.12.2018		
(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	96		96	86		86
Hedging derivatives						
Available-for-sale financial assets	3		2	2		2
Loans and receivables on credit institutions	24		24	23		23
Loans and receivables on customers						
Revaluation difference of interest rate hedged portfolios						
Held-to-maturity financial assets						
Investment property						
TOTAL	**122**		**121**	**112**		**112**

10.2 Uses of funds for financial sector activities

(in millions of euros)	31.12.2019	31.12.2018
Central banks, postal accounts		
Financial liabilities at fair value through income		
Hedging derivatives		
Debts to credit institutions		
Debts to customers	14	7
Debts represented by securities		
Revaluation difference of interest rate hedged portfolios		
TOTAL	**14**	**7**

Note 11 Investments in related companies and joint ventures

The Group holds a number of stakes in the following insurance companies:

- 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.

La Banque Postale Assurances IARD in France and the Group signed a non-binding memorandum of understanding for La Banque Postale to acquire the 35% stake held by the Group. In accordance with IFRS 5, La Banque Postale Assurances IARD is classified as a business to be discontinued.

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 key figures for these various companies are provided in the table below.

	31.12.2019		31.12.2018	
(in millions of euros)	Equivalent value	Share of income	Equivalent value	Share of income
Banque Postale Assurances IARD			114	(1)
Orange Bank	155	(63)	234	(59)
STAR	69	3	61	1
Groupama – AVIC Property Insurance Co.	75	(4)	77	4
Compagnie Financière d'Orange Bank				
TOTAL	**299**	**(64)**	**485**	**(56)**

An analysis is conducted to determine whether it is necessary to recognise an additional loss of value relative to the Group's stake in related companies.

This analysis revealed for the subsidiary Orange Bank a shortfall of €81 million, which was the subject of a reserve for impairment of securities in the financial statements at 31 December 2019.

11.1 Significant data pursuant to IFRS 12

	2019				
(in millions of euros)	Premium income	Net income	Underwriting reserves	Total assets	Shareholders' equity
Banque Postale Assurances IARD[3]					
STAR[2]	114	5	221	348	111
Groupama – AVIC Property Insurance Co.[1]	287	2	149	356	143
Orange Bank[1]		(177)		4,775	332
Compagnie Financière d'Orange Bank[1]		(287)		432	424

(1) Actual data.
(2) Estimated data for income and earnings / Actual data at December 2018 for the balance sheet.
(3) La Banque Postale Assurances IARD places business to be discontinued under IFRS 5.

	2018				
(in millions of euros)	**Premium income**	**Net income**	**Underwriting reserves**	**Total assets**	**Shareholders' equity**
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.

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 defer application of IFRS 9, and that consolidate their related companies using the equity method to preserve the financial statements prepared by such related companies for the purposes of producing their consolidated financial statements. This option concerns the financial statements used for the application of the equity method on related companies of Orange Bank (which has applied IFRS 9 since 1 January 2018).

Note 12 Share of outward reinsurers and retrocessionaires in liabilities related to insurance policies and financial contracts

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	12	21	32	11	16	27
Outstanding claims reserves	1,027	85	1,112	961	80	1,041
Other underwriting reserves	351	1	352	354	1	355
Total	**1,389**	**107**	**1,496**	**1,326**	**96**	**1,423**
Share of reinsurers in life insurance reserves						
Life insurance reserves	28	2	30	23	2	26
Outstanding claims reserves	18	2	21	23	3	25
Reserves for profit-sharing	16		16	15		15
Other underwriting reserves						
Total	**63**	**4**	**67**	**61**	**5**	**65**
Share of reinsurers in financial contract reserves						
TOTAL	**1,452**	**111**	**1,563**	**1,387**	**101**	**1,488**

12.1 Change in the share of outward reinsurers and retrocessionaires in claims reserves for non-life claims split by operating segment

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Share of reinsurers in opening reserves for claims	**961**	**80**	**1,041**	**1,082**	**87**	**1,169**
Portfolio transfers and changes in scope of consolidation						
Share of reinsurers in total claims expense	342	46	389	164	24	188
Share of reinsurers in total payments	(277)	(39)	(316)	(285)	(25)	(311)
Foreign exchange variation		(2)	(2)		(5)	(5)
SHARE OF REINSURERS IN CLOSING RESERVES FOR CLAIMS	**1,027**	**85**	**1,112**	**961**	**80**	**1,041**

Note 13 Other property plant and equipment

13.1 Change in other property plant and equipment

	31.12.2019				31.12.2018		
(in millions of euros)	Other property, plant and equipment	Other long-term operating assets	Right of use	Total	Other property, plant and equipment	Other long-term operating assets	Total
Opening gross value	**377**	**64**		**441**	**395**	**57**	**452**
Acquisitions	49	2	1	52	46	8	54
Change in scope of consolidation	1			1			
Assets capitalised in the year	(3)			(3)	2		2
Foreign exchange adjustments	(1)			(1)	(3)		(3)
Outward reinsurance	(13)	(1)		(14)	(64)		(65)
Closing gross value	**409**	**64**	**1**	**474**	**377**	**64**	**441**
Opening cumulative amortisation & impairment	**(257)**			**(257)**	**(280)**		**(280)**
Increase	(29)			(30)	(38)		(38)
Change in scope of consolidation							
Foreign exchange adjustments	1			1	2		2
Decrease	7			7	59		59
Closing cumulative amortisation & impairment	**(279)**			**(279)**	**(257)**		**(257)**
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	**119**	**64**		**183**	**115**	**57**	**171**
Closing net value	**129**	**64**	**1**	**194**	**119**	**64**	**183**
Closing fair value of other property, plant and equipment	**129**	**106**	**1**	**235**	**119**	**114**	**234**
UNREALISED CAPITAL GAINS/LOSSES	**0**	**42**	**0**	**42**	**0**	**51**	**51**

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

13.2 Other property plant and equipment – by operating segment

	31.12.2019								
	Other property, plant and equipment			Other long-term operating assets			Rights of use		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Gross value	307	102	409	64		64	1		1
Cumulative amortisation & impairment	(192)	(87)	(279)						
Long-term impairment	(1)		(1)						
Closing net value	**114**	**15**	**129**	**64**		**64**	**0**		**1**
Closing fair value of investment property	**114**	**15**	**129**	**106**		**106**			**1**
UNREALISED CAPITAL GAINS/LOSSES	**0**	**0**	**0**	**42**		**42**	**0**		**0**

	31.12.2018								
	Other property, plant and equipment			Other long-term operating assets			Rights of use		
(in millions of euros)	France	International	Total	France	International	Total	France	International	Total
Gross value	273	103	377	64		64			
Cumulative amortisation & impairment	(173)	(84)	(257)						
Long-term impairment	(1)		(1)						
Closing net value	**100**	**19**	**119**	**64**		**64**			
Closing fair value of investment property	**100**	**19**	**119**	**114**		**114**			
UNREALISED CAPITAL GAINS/LOSSES	**0**	**0**	**0**	**51**		**51**			

Note 14 Deferred acquisition costs

	31.12.2019			31.12.2018		
(in millions of euros)	Gross	Deferred profit-sharing	Net	Gross	Deferred profit-sharing	Net
Non-life insurance policies	79		79	80		80
Life insurance policies and financial contracts with discretionary profit sharing	21		21	22		22
France	**100**		**100**	**102**		**102**
Non-life insurance policies	51		51	49		49
Life insurance policies and financial contracts with discretionary profit sharing	16	(2)	14	20	(3)	17
International	**67**	**(2)**	**65**	**69**	**(3)**	**66**
TOTAL DEFERRED ACQUISITION COSTS	**167**	**(2)**	**165**	**171**	**(3)**	**168**

Note 15 Deferred taxes

15.1 Deferred tax assets – by operating segment

	31.12.2019			31.12.2018
(in millions of euros)	France	International	Total	Total
Deferred tax assets	46	18	64	39
TOTAL	**46**	**18**	**64**	**39**

15.2 Deferred tax liabilities – by operating segment

	31.12.2019			31.12.2018
(in millions of euros)	France	International	Total	Total
Deferred tax liabilities	321	3	323	67
TOTAL	**321**	**3**	**323**	**67**

15.3 Analysis of the major components of deferred taxes

(in millions of euros)	31.12.2019	31.12.2018
Deferred taxes resulting from timing differences		
Restatements on AFS & Trading financial instruments (net of deferred profit sharing)	(488)	(237)
Life acquisition costs and overall management expenses reserve	(39)	(36)
Consolidation restatements on technical reserves	(183)	(103)
Other differences on consolidation restatements	70	110
Deferred non-life acquisition costs	(25)	(26)
Tax differences on technical reserves and other contingent liabilities	358	330
Tax-deferred capital gains	(2)	(2)
Valuation difference on mutual funds	0	(6)
Foreign exchange hedge	6	7
Other temporary tax differences	39	(29)
Subtotal of deferred taxes resulting from timing differences	**(264)**	**9**
Deferred taxes from stocks of ordinary losses	**4**	**(37)**
Deferred taxes recorded on the balance sheet	**(260)**	**(28)**
of which, assets	64	39
of which, liabilities	(323)	(67)

Unrecognised deferred taxes on net assets amounted to €15 million at 31 December 2019, compared with €10 million at 31 December 2018.

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

16.1 Receivables from insurance or inward reinsurance – by operating segment

	31.12.2019							31.12.2018
	France			International				
(in millions of euros)	Gross value	Reserves	Net value	Gross value	Reserves	Net value	Total	Total
Earned unwritten premiums	1,007		1,007	17		17	1,024	898
Policyholders, intermediaries, and other third parties	464	(20)	444	342	(47)	295	738	767
Current accounts – co-insurers and other third parties	68	(6)	62	50	(32)	18	80	115
Current accounts for ceding and retroceding companies and other receivables from reinsurance transactions	306		306	1		1	307	291
TOTAL	**1,845**	**(26)**	**1,819**	**410**	**(79)**	**330**	**2,150**	**2,070**

16.2 Receivables from insurance or inward reinsurance transactions – by maturity

	31.12.2019				31.12.2018			
(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	1,024			1,024	898			898
Policyholders, intermediaries, and other third parties	698	36	4	738	721	41	5	767
Current accounts – co-insurers and other third parties	78	2		80	108	7		115
Current accounts with ceding and retroceding companies and other receivables from inward reinsurance operations	250	57		307	282	9		291
TOTAL	**2,051**	**95**	**4**	**2,150**	**2,008**	**57**	**5**	**2,070**

Note 17 Receivables from outward reinsurance operations

	31.12.2019			31.12.2018
(in millions of euros)	Gross value	Reserves	Net value	Net value
Outward reinsurer and retrocessionaire current accounts	65	(1)	64	31
Other receivables from reinsurance transactions	120	(1)	118	139
TOTAL	**185**	**(3)**	**182**	**171**

17.1 Receivables from outward reinsurance transactions – by maturity

	31.12.2019				31.12.2018			
(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	61	2		64	31			31
Other receivables from reinsurance transactions	118			118	139			139
TOTAL	**180**	**2**		**182**	**171**			**171**

Note 18 Reinsurer default risk

Outward reinsurance consists of transferring to the reinsurer a portion of the risks accepted by the ceding company. They are regularly reviewed to monitor and limit the credit risk on third-party reinsurers. The 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 underwriting reserves and recoverables are shown below, by rating, according to the three largest rating agencies (Standard & Poor's, Fitch Ratings, Moody's).

	31.12.2019						
(in millions of euros)	AAA	AA	A	BBB	<BBB	Not rated	Total
Share of reinsurers in non-life insurance reserves		915	137		7	438	1,496
Share of reinsurers in life insurance reserves		11	13			43	67
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		55	35			92	182
TOTAL		**981**	**185**		**7**	**573**	**1,746**

	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**

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 €353 million (€337 million for fiscal year 2018) is also represented by the Groupama Assurances Mutuelles retrocession to the regional mutuals under the internal reinsurance agreement. The breakdown is as follows:

- €346 million in share of reinsurers in non-life insurance reserves;
- €6 million in receivables from outward reinsurance operations.

Note 19 Current tax receivables and other tax receivables

19.1 Current tax receivables and other tax receivables – by maturity

	31.12.2019				31.12.2018			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Tax claims	37			37	104			104
Other receivables from state and local authorities	202			202	185			185
TOTAL	**239**			**239**	**289**			**289**

19.2 Current tax receivables and other tax receivables – by operating segment

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Tax claims	10	27	37	80	24	104
Other receivables from state and local authorities	77	124	202	95	90	185
TOTAL	**88**	**151**	**239**	**175**	**115**	**289**

Note 20 Other receivables

(in millions of euros)	31.12.2019 Gross value	31.12.2019 Reserves	31.12.2019 Total	31.12.2018 Total
Accrued interest not yet due	602		602	627
Due from employees	8		8	8
Social agencies	11		11	11
Other debtors	1,298	(31)	1,267	1,200
Other receivables	394		394	320
TOTAL	**2,313**	**(31)**	**2,282**	**2,166**

20.1 Other receivables – by maturity

	31.12.2019				31.12.2018			
(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	602			602	627			627
Due from employees	8			8	8			8
Social agencies	11			11	11			11
Other debtors	1,256	8	3	1,267	1,194	5		1,200
Other receivables	394			394	320			320
TOTAL	**2,272**	**8**	**3**	**2,282**	**2,161**	**5**		**2,166**

20.2 Other receivables – by operating segment

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Accrued interest not yet due	540	62	602	563	64	627
Due from employees	7	1	8	7	1	8
Social agencies	9	2	11	11		11
Other debtors	1,229	38	1,267	1,164	35	1,200
Other receivables	352	42	394	267	53	320
TOTAL	**2,138**	**145**	**2,282**	**2,013**	**154**	**2,166**

Note 21 Cash and cash equivalents

21.1 Cash and cash equivalents applied to balance sheet assets

(in millions of euros)	31.12.2019	31.12.2018
France	290	457
International	129	130
TOTAL	**419**	**587**

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

21.2 Cash applied to balance sheet liabilities

	31.12.2019				31.12.2018			
(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	49			49	11			11
TOTAL	**49**			**49**	**11**			**11**

	31.12.2019			
	Currencies		Rate	
(in millions of euros)	Eurozone	Non eurozone	Fixed rate	Variable rate
Operating debts to banking sector companies	49		49	
TOTAL	**49**		**49**	

Note 22 Group's equity, minority interests

22.1 Share capital limits for insurance companies

Insurance business operations are governed by regulatory constraints that define minimum share capital or initial capital in particular. In France, in accordance with the European Directive and by virtue of Articles R. 322-5 and R. 322-44 of the French Insurance Code, French companies subject to State control and incorporated in the form of agricultural insurance or reinsurance mutuals must have initial capital of at least €240,000 or €400,000 depending on their insurance segments. French public limited companies must have share capital of at least €480,000 or €800,000 depending on the branches operated.

Furthermore, to ensure the financial soundness of insurance businesses and to protect policyholders, since 1 January 2016, insurance providers in France have been subject to the prudential rules known as "*Solvency 2*", 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.

22.2 Impacts of transactions with shareholders

CHANGE IN GROUP'S EQUITY DURING THE 2019 FISCAL YEAR

Over fiscal year 2019, there were no transactions that had any impact on share capital or issue premiums.

ACCOUNTING TREATMENT OF SUBORDINATED BONDS CLASSIFIED IN EQUITY INSTRUMENTS

Loans categorised under group's equity are perpetual subordinated bonds detailed as follows:

Issued by	Nominal in millions of euros	Issue date	Next issuer repayment option	Coupon	Coupon rate	Step-up clause
Groupama Assurances Mutuelles	1,100	28.05.2014	28.05.2024	Fixed	6.375%	yes

This loan presents the following particular features:

- 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 group's 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).

22.3 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)	31.12.2019	31.12.2018
Gross unrealised capital gains/losses on available-for-sale assets	7,969	5,462
Shadow accounting	(5,736)	(4,212)
Cash flow hedge and other changes	(40)	(40)
Deferred taxes	(416)	(196)
Share of non-controlling interests	(4)	(3)
REVALUATION RESERVE – GROUP SHARE	**1,773**	**1,010**

The deferred tax amount shown in the table above equates to the application of i) a short-term and long-term tax rate on the unrealised gains on financial instruments classified as "available-for-sale assets"; and ii) a short-term tax rate on deferred profit sharing ("shadow accounting"). Under the new rules for long-term capital gains (losses) applicable as at 1 January 2006, the unrealised capital gains on "strategic" equity interests are exempt for the calculation of the deferred tax up to a maximum percentage of costs and expenses (*i.e.,* an effective rate of 3.84%).

"Cash flow hedge and other changes" for -€40 million includes a cash flow hedge revaluation reserve of -€22 million and a net investment hedge revaluation reserve of -€18 million. These reserves correspond to the effective share of hedging operations implemented by the Group in the past and since terminated. They will be recycled in income when the hedged items are sold in accordance with the provisions of IAS 39.

Note 23 Contingent liabilities

	31.12.2019						
	France			International			
(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	Total
OPENING BALANCE	**201**	**109**	**310**	**30**	**44**	**73**	**384**
Change in scope of consolidation, and changes in accounting methods, and transfers					1	1	1
Increases for the year	129	44	173	4	19	23	196
Writebacks for the year	(127)	(81)	(208)	(3)	(14)	(17)	(225)
Foreign exchange variation						(1)	(1)
CLOSING BALANCE	**202**	**73**	**275**	**31**	**50**	**81**	**356**

(1) Details are not provided for this line item because this information could seriously harm the Group in view of ongoing litigation proceedings.

	31.12.2018						
	France			International			
(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	Total
OPENING BALANCE	**212**	**172**	**384**	**33**	**46**	**80**	**463**
Change in scope of consolidation, and changes in accounting methods, and transfers							
Increases for the year	124	42	166	4	12	16	183
Writebacks 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 harm the Group in view of ongoing litigation proceedings.

As of 31 December 2019, other reserves for contingent liabilities included badwill of €1 million on the Bulgarian subsidiary Express Life, which had recently joined the Group. The Group has the regulatory time limit of one year after the acquisition date for the valuation and final allocation of this badwill.

Note 24 Information pertaining to personnel benefits – defined-benefit plans

24.1 Principal actuarial assumptions

	31.12.2019				31.12.2018			
(in millions of euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial debt	222	384	31	637	206	351	34	590
Fair value of hedging assets	20	384		404	24	336		360
Net actuarial debt	**202**	**0**	**31**	**233**	**182**	**15**	**34**	**230**
Principal actuarial assumptions								
Financial assumptions								
Discount rate	0.70%	2.00%	NS		1.60%	2.90%	NS	
Yield expected from plan assets	0.70%	2.00%	NS		1.60%	2.90%	NS	
Expected salary/pension increase	1.82%	2.60%	NS		1.90%	3.20%	NS	
Staff turnover								
■ 18 to 34 years	6.93%	NA	NS		6.50%	NA	NS	
■ 35 to 44 years	3.53%	NA	NS		3.32%	NA	NS	
■ 45 to 54 years	1.45%	NA	NS		1.76%	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 2019 to value actuarial commitments is the interest rate on high-quality corporate bonds.

24.2 Reserve for pensions

24.2.1 Pensions reserve – Change in actuarial value of the debt

	31.12.2019			31.12.2018		
(in millions of euros)	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
OPENING ACTUARIAL DEBT	**551**	**39**	**590**	**601**	**42**	**642**
Cost of past services	11	3	14	8	3	11
Interest payable	12		12	11		11
Revaluations of actuarial debt						
Actuarial differences arising from changes in demographic assumptions	(4)		(4)	(3)		(4)
Actuarial differences resulting from changes in financial assumptions	38	2	40	(27)	(2)	(29)
Experience-related adjustments	(7)	(3)	(9)	(6)	(4)	(9)
Benefits paid directly by the employer	(7)	(2)	(8)	(7)	(2)	(9)
Benefits paid by hedging assets	(19)		(19)	(20)		(20)
Cost of past services and profit/loss on liquidation						
Change in scope of consolidation						
Change in exchange rates	18		18	(5)		(5)
Other	3		3		1	1
CLOSING ACTUARIAL DEBT	**597**	**40**	**637**	**551**	**39**	**590**

24.2.2 Reserve for pensions – Change in the fair value of hedging assets

	31.12.2019			31.12.2018		
(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	**360**		**360**	**397**		**397**
Interest income	10		10	9		9
Revaluations of hedging assets						
Portion of yield on hedging assets in excess of the discount rate	32		32	(23)		(23)
Change in effect of asset cap						
Benefits paid	(22)		(22)	(20)		(20)
Employer contributions	6		6	6		6
Employee contributions						
Change in scope of consolidation						
Change in exchange rates	17		17	(3)		(3)
Other	1		1	(6)		(6)
CLOSING FAIR VALUE OF HEDGING ASSETS	**404**		**404**	**360**		**360**

24.3 Change in post-employment benefits recognised through net income and profits/losses recognised directly through group's equity

(in millions of euros)	31.12.2019	31.12.2018
Cost of services:		
Cost of past services	(11)	(8)
Cost of past services and profit/loss on liquidation		
Net interest on net actuarial debt	(2)	(2)
Other		
COMPONENT OF THE EXPENSE RECOGNISED IN THE INCOME STATEMENT	**(13)**	**(10)**
Revaluation of net actuarial debt:		
Portion of return on hedging assets not recognised in the income statement	32	(23)
Actuarial differences arising from changes in demographic assumptions	4	3
Actuarial differences resulting from changes in financial assumptions	(38)	27
Experience-related adjustments	7	6
Change in effect of asset cap		
COMPONENT OF THE EXPENSE RECOGNISED THROUGH PROFIT/LOSSES POSTED DIRECTLY ASGROUP'S EQUITY	**4**	**13**

24.4 Information pertaining to personnel benefits – distribution of hedging assets

(in millions of euros)	31.12.2019	31.12.2018
Equities	60	209
Bonds		76
Other	344	75
CLOSING FAIR VALUE OF ASSETS	**404**	**360**

24.5 Sensitivity analysis

The sensitivity to an increase of 50 basis points in the discount rate is -6.3% on the total gross actuarial debt for France, and -7.5% for the United Kingdom.

Sensitivity to social commitments in relation to illness cover: as at 31 December 2019, 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 -5.2%.

Note 25 Financing debt

25.1 Financing debt – by maturity

	31.12.2019				31.12.2018			
(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			1,630	1,630			1,633	1,633
Financing debt represented by securities								
Financing debt with banking-sector companies								
TOTAL			**1,630**	**1,630**			**1,633**	**1,633**

On 16 September 2019, Groupama Assurances Mutuelles issued a 10-year bond for a nominal €500 million at a fixed rate of 2.125%.

On 27 October 2019, Groupama Assurances Mutuelles redeemed a TRS bond for a nominal value of €500 million at a fixed rate of 7.88%.

Following this transaction, redeemable subordinated securities classified as “financing liabilities” detailed as follows:

Issued by	Nominal *(in millions of euros)*	Issue date	Maturity (if dated)	Coupon	Coupon rate	Step-up clause
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
Groupama Assurances Mutuelles	500	16.09.2019	16.09.2029	Fixed	2.13%	no

At 31 December 2019:

- of the 2017 issue is 127.2%, compared with 111.2% at 31 December 2018;
- of the 2018 issue is 110.5%, compared with 92.3% at 31 December 2018;
- of the 2019 issue is 100.5% at 31 December 2019.

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.

25.2 Financing debt – by currency and rate

	31.12.2019			
	Currencies		Rate	
(in millions of euros)	Eurozone	Non eurozone	Fixed rate	Variable rate
Subordinated debt of insurance companies	1,630		1,630	
Financing debt represented by securities				
Financing debt with banking-sector companies				
TOTAL	**1,630**		**1,630**	

Note 26 Technical liabilities related to insurance policies

26.1 Technical liabilities related to insurance policies – by operating segment

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Gross technical reinsurance reserves						
Life insurance reserves	31,925	737	32,662	31,787	759	32,546
Outstanding claims reserves	647	50	696	622	67	690
Reserves for profit-sharing	649	2	651	552	3	555
Other underwriting reserves	9	10	19	3	18	21
Total Life insurance	**33,229**	**798**	**34,028**	**32,965**	**847**	**33,812**
Reserves for unearned premiums	707	639	1,347	723	676	1,399
Outstanding claims reserves	6,713	2,202	8,915	6,517	2,079	8,596
Other underwriting reserves	2,767	42	2,809	2,883	35	2,918
Total Non-life insurance	**10,187**	**2,883**	**13,070**	**10,122**	**2,790**	**12,913**
Life insurance reserves for unit-linked policies	9,862	1,082	10,943	8,480	999	9,479
TOTAL	**53,278**	**4,763**	**58,041**	**51,567**	**4,636**	**56,203**

The adequacy tests carried out on liabilities as at 31 December 2019 were found to be satisfactory and did not result in the recognition of any additional technical expense.

EVALUATION OF RESERVES FOR UNKNOWN AND LATE CLAIMS (IBNR)

The outstanding claims reserve totalled €8,915 million as at 31 December 2019. 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 long-term care reserves totalled €371 million at 31 December 2019. This amount is defined on the basis of reserves valued according to an economic approach (BE) at the discount rate of 1.20% incorporating a prudence factor for the Long-Term Care Insurance and Avenir Autonomie portfolios. The best-estimate view reserve is valued under the same forward-looking model as that used to justify the sufficiency of the social reserves. The biometric and economic assumptions other than the discount rate are also the same.

VALUATION OF NON-LIFE UNDERWRITING RESERVES

Non-life underwriting reserves relating to annuities in service or to capital constituting annuities are discounted in accordance with the provisions in the texts. Until 31 December 2018, a significant part of these annuities was discounted on the basis of 60% or 75% (depending on the segments concerned) of the average of the last 24 months of the TME in France.

Against the backdrop of a low-interest rate environment, this reference leads to excessive caution incorporated into the Group's accounts. Referring to the provisions of the IFRS 4 accounting texts, which are based on the provisions of French law CRC 2000-05, the Group decided to extend the use of a discount rate corresponding to a prudently estimated rate of return on assets for discounting non-life annuity reserves (annuities in service and deferred annuities).

The effect of these provisions represents a positive gross impact of €195 million. The growth in the amount of non-life claim reserves between 2018 and 2019 is mainly related to the increase in the level of caution of certain reserves in France and internationally.

26.2 Technical liabilities related to insurance policies – by business

26.2.1 Technical liabilities related to insurance policies – by business – France

(in millions of euros)	31.12.2019			31.12.2018		
	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	31,925		31,925	31,787		31,787
Outstanding claims reserves	647		647	622		622
Reserves for profit-sharing	649		649	552		552
Other underwriting reserves	9		9	3		3
Total Life insurance	**33,229**		**33,229**	**32,965**		**32,965**
Reserves for unearned premiums	40	668	707	31	691	723
Outstanding claims reserves	749	5,964	6,713	717	5,800	6,517
Other underwriting reserves	1,869	898	2,767	1,884	999	2,883
Total Non-life insurance	**2,658**	**7,529**	**10,187**	**2,633**	**7,490**	**10,122**
Life insurance reserves for unit-linked policies	9,862		9,862	8,480		8,480
TOTAL	**45,749**	**7,529**	**53,278**	**44,077**	**7,490**	**51,567**

26.2.2 Technical liabilities related to insurance policies – by business- France

(in millions of euros)	31.12.2019			31.12.2018		
	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	737		737	759		759
Outstanding claims reserves	50		50	67		67
Reserves for profit-sharing	2		2	3		3
Other underwriting reserves	10		10	18		18
Total Life insurance	**798**		**798**	**847**		**847**
Reserves for unearned premiums	59	580	639	60	616	676
Outstanding claims reserves	102	2,100	2,202	89	1,990	2,079
Other underwriting reserves	11	30	42	9	26	35
Total Non-life insurance	**172**	**2,711**	**2,883**	**158**	**2,632**	**2,790**
Life insurance reserves for unit-linked policies	1,082		1,082	999		999
TOTAL	**2,052**	**2,711**	**4,763**	**2,004**	**2,632**	**4,636**

26.3 Breakdown of technical reserves for insurance policies – by main categories

(in millions of euros)	31.12.2019 Gross life insurance reserves	31.12.2019 Gross outstanding claims reserves	31.12.2019 Total	31.12.2018 Gross life insurance reserves	31.12.2018 Gross outstanding claims reserves	31.12.2018 Total
Single-premium policies						
Capitalisation	10	11	21	12	12	24
Individual insurance	12,779	91	12,870	12,252	97	12,349
Group policies	168	3	171	170	5	175
Other	138		138	135		135
Total reserves for single-premium policies	**13,096**	**105**	**13,201**	**12,570**	**114**	**12,683**
Periodic premium policies						
Capitalisation	139	2	141	146	3	149
Individual insurance	6,095	218	6,313	6,395	228	6,623
Group policies	7,882	334	8,216	7,994	317	8,310
Other	2,656	3	2,659	2,652	2	2,654
Total reserves for periodic premium policies	**16,772**	**557**	**17,330**	**17,186**	**550**	**17,737**
Inward reinsurance	**2,793**	**34**	**2,827**	**2,790**	**26**	**2,816**
TOTAL	**32,662**	**696**	**33,358**	**32,546**	**690**	**33,236**

(in millions of euros)	31.12.2019 Reserves for unearned premiums	31.12.2019 Outstanding claims reserves	31.12.2019 Total	31.12.2018 Reserves for unearned premiums	31.12.2018 Outstanding claims reserves	31.12.2018 Total
Non-life insurance						
Motor	536	2,367	2,904	596	2,249	2,845
Bodily injury	85	615	700	83	595	678
Property damage	280	785	1,065	283	755	1,038
General third party liability	49	494	543	49	498	547
Marine, aviation, transport	8	75	83	7	85	92
Other risks	164	858	1,021	171	884	1,055
Inward reinsurance	**225**	**3,720**	**3,945**	**209**	**3,530**	**3,739**
TOTAL NON-LIFE INSURANCE RESERVES	**1,347**	**8,915**	**10,261**	**1,399**	**8,596**	**9,995**

26.4 Change in non-life outstanding claims reserve

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Opening reserves for non-life claims	**6,517**	**2,079**	**8,596**	**6,400**	**2,135**	**8,535**
Change in scope of consolidation	**(96)**	**1**	**(95)**			
Claims expense for the current year	3,951	1,316	5,267	3,810	1,260	5,070
Claims expense for previous years	(76)	68	(8)	(10)	(34)	(44)
Total claims expense	**3,875**	**1,384**	**5,259**	**3,800**	**1,226**	**5,025**
Claims payments for the current year	(1,746)	(599)	(2,344)	(1,737)	(586)	(2,323)
Claims payments for previous years	(1,838)	(636)	(2,474)	(1,946)	(628)	(2,574)
Total payments	**(3,584)**	**(1,235)**	**(4,818)**	**(3,683)**	**(1,214)**	**(4,897)**
Foreign exchange variation		**(26)**	**(26)**		**(68)**	**(67)**
CLOSING RESERVES FOR NON-LIFE CLAIMS	**6,713**	**2,202**	**8,915**	**6,517**	**2,079**	**8,596**

26.5 Impact of gross claims

(in millions of euros)	2015	2016	2017	2018	2019
Estimate Of the claims expense					
End N	4,329	4,932	4,983	4,963	5,257
End N+1	4,311	4,872	5,091	5,016	
End N+2	4,416	4,816	4,986		
End N+3	4,368	4,754			
End N+4	4,247				
Claims expense	**4,247**	**4,754**	**4,986**	**5,016**	**5,257**
Cumulative claims payments	**3,850**	**4,090**	**4,048**	**3,748**	**2,339**
Outstanding claims reserves	**397**	**665**	**938**	**1,268**	**2,918**
Earned premiums	**6,349**	**6,496**	**6,725**	**7,000**	**7,167**
LOSS RATIO	**66.9%**	**73.2%**	**74.1%**	**71.7%**	**73.4%**

The statement of claim trends shows changes in estimates of the gross claims expense per year of occurrence covering the years 2015 to 2019, *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.

26.6 Impact of the discount in actuarial reserves for non-life annuities by operating segment

Gross value

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Closing non-life annuity actuarial reserves (net of recoveries)	**2,195**	**20**	**2,216**	**2,303**	**21**	**2,324**
Closing non-life annuity actuarial reserves (net of recoveries) before change in discount rate	2,322	20	2,343	2,342	21	2,363
Closing non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,464	20	2,484	2,469	21	2,490
Technical interest	(142)		(142)	(127)		(127)
Impact of change in discount rate	(127)		(127)	(39)		(39)

Proportion ceded

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries)	**317**	**(1)**	**317**	**313**		**313**
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) before change in discount rate	326	(1)	325	315		315
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) excluding technical interest	336	(1)	336	323		323
Technical interest	(11)		(11)	(8)		(8)
Impact of change in discount rate	(8)		(8)	(1)		(1)

Note 27 Technical liabilities related to financial contracts

(in millions of euros)	31.12.2019	31.12.2018
Reserves on financial contracts with discretionary profit sharing		
Life technical reserves	11,653	12,209
Reserves for unit-linked policies	64	59
Outstanding claims reserves	104	104
Reserves for profit-sharing	239	223
Other underwriting reserves		
Total	**12,061**	**12,596**
Reserves on financial contracts without discretionary profit sharing		
Life technical reserve		
Reserves for unit-linked policies	165	148
Outstanding claims reserves	1	1
Reserves for profit-sharing		
Other underwriting reserves		
Total	**166**	**148**
TOTAL	**12,227**	**12,744**

27.1 Liabilities related to financial contracts (excluding unit-linked items) – by operating segment

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Life financial contract reserves	9,721	1,932	11,653	10,340	1,870	12,209
Outstanding claims reserves	92	12	105	91	14	105
Profit-sharing reserves	239		239	223		223
Other underwriting reserves						
TOTAL	**10,053**	**1,945**	**11,997**	**10,654**	**1,884**	**12,538**

The decrease in underwriting reserves for life financial contracts is explained in particular by the transformation of the portfolio of single-component contracts (contracts in euros) into multi-component contracts.

27.2 Breakdown of liabilities related to financial contracts – by major category

(in millions of euros)	31.12.2019 Life financial contract reserves	31.12.2019 Gross outstanding claims reserves	31.12.2019 Total	31.12.2018 Life financial contract reserves	31.12.2018 Gross outstanding claims reserves	31.12.2018 Total
Single-premium policies						
Capitalisation	464	2	465	451	4	455
Individual insurance	10,471	81	10,553	11,083	82	11,165
Group policies	94		94	85		85
Other						
Total reserves for single-premium policies	**11,029**	**83**	**11,112**	**11,619**	**86**	**11,705**
Periodic premium policies						
Capitalisation	45	9	54	46	7	54
Individual insurance	271	12	283	276	12	287
Group policies	305		305	265		265
Other	3		3	3		3
Total reserves for periodic premium policies	**624**	**22**	**646**	**590**	**19**	**609**
Inward reinsurance						
TOTAL LIFE INSURANCE RESERVES	**11,653**	**105**	**11,758**	**12,209**	**105**	**12,315**

Note 28 Change in actuarial reserves for life insurance policies and financial contracts – by operating segment

(in millions of euros)	31.12.2019 France	31.12.2019 International	31.12.2019 Total	31.12.2018 France	31.12.2018 International	31.12.2018 Total
OPENING ACTUARIAL RESERVES	**42,127**	**2,630**	**44,756**	**42,864**	**2,614**	**45,478**
Premiums for the year	1,832	265	2,097	1,749	260	2,009
Interest credited	239	28	267	242	30	271
Profit-sharing	598	21	618	739	23	762
Terms	(342)	(76)	(418)	(346)	(97)	(443)
Redemptions	(1,179)	(167)	(1,347)	(1,299)	(155)	(1,454)
Annuity arrears	(628)	(1)	(629)	(591)	(1)	(593)
Death benefits	(1,029)	(26)	(1,055)	(967)	(29)	(996)
Other movements including transfers	29	(4)	25	(264)	(14)	(279)
CLOSING ACTUARIAL RESERVES	**41,646**	**2,669**	**44,315**	**42,127**	**2,630**	**44,756**

Note 29 Deferred profit sharing liabilities

(in millions of euros)	31.12.2019 France	31.12.2019 International	31.12.2019 Total	31.12.2018 France	31.12.2018 International	31.12.2018 Total
Reserve for deferred profit sharing of insurance policies	5,369	11	5,380	3,746	10	3,757
Reserve for deferred profit sharing of financial contracts		115	115		47	47
TOTAL	**5,369**	**126**	**5,494**	**3,746**	**57**	**3,804**

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 specific case of Groupama Gan Vie, the deferred profit sharing rate is now determined using a prospective sharing rate method based on three-year business plans. It should be noted that this new method yields a result very close to what the method based on the average of the last three years would have given.

The rates used in France at 31 December 2019 fall within a bracket of between 77.63% and 87.60%, with 78.59% for Groupama Gan Vie.

Note 30 Debts arising from insurance or inward reinsurance transactions

(in millions of euros)	31.12.2019 <1 year	31.12.2019 1 to 5 years	31.12.2019 >5 years	31.12.2019 Total	31.12.2018 <1 year	31.12.2018 1 to 5 years	31.12.2018 >5 years	31.12.2018 Total
Policyholders, intermediaries, and other third parties	694	1		695	627	2		629
Co-insurers	50			50	91			91
Current accounts for ceding and retroceding companies and other debts on inward reinsurance operations	81	4		85	113			113
TOTAL	**826**	**5**		**831**	**830**	**2**		**832**

Note 31 Debts arising from outward reinsurance transactions

(in millions of euros)	31.12.2019 <1 year	31.12.2019 1 to 5 years	31.12.2019 >5 years	31.12.2019 Total	31.12.2018 <1 year	31.12.2018 1 to 5 years	31.12.2018 >5 years	31.12.2018 Total
Outward reinsurer and retrocessionaire current accounts(1)	215	59		274	270	12		282
Other debts on ceded reinsurance transactions	79			79	90	1		91
TOTAL	**293**	**59**		**352**	**361**	**13**		**374**

(1) Including cash deposits received from reinsurers.

Note 32 Current taxes payable and other tax liabilities

	31.12.2019				31.12.2018			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total	<1 year	1 to 5 years	>5 years	Total
Corporate income tax	23			23	6			6
Other liabilities with state and local authorities	101			102	104			105
TOTAL	**125**			**125**	**110**			**110**

Tax liabilities payable totalled €7 million at 31 December 2019 in respect of foreign companies.

Other tax liabilities in respect of international subsidiaries totalled €33 million at 31 December 2019.

Note 33 IFRS 16 rent liabilities

33.1 IFRS 16 rent liabilities – by operating segment

	31.12.2019		
(in millions of euros)	France	International	Total
IFRS 16 rent liabilities	185	26	211
TOTAL	**185**	**26**	**211**

33.2 IFRS 16 rent liabilities – by maturity

	31.12.2019			
(in millions of euros)	<1 year	1 to 5 years	>5 years	Total
IFRS 16 rent liabilities	33	89	90	211
TOTAL	**33**	**89**	**90**	**211**

33.3 IFRS 16 rent liabilities – by currency and by rate

	31.12.2019			
	Currencies		Rate	
(in millions of euros)	Eurozone	Non eurozone	Fixed rate	Variable rate
IFRS 16 rent liabilities	206	5	211	
TOTAL	**206**	**5**	**211**	

It should be noted that the Group has applied IFRS 16 since 1 January 2019: leases are now recognised as an asset as well as a liability for the rent payment obligation.

IN ASSETS

The rights of use pertaining to the operating properties appear in Note 6 – Operating properties. The rights of use pertaining to other property, plant and equipment appear in Note 13 – Other property, plant and equipment. Notes 6 and 13 show the opening inventories, changes during the fiscal year affecting the gross value, depreciation, and the net book value, as well as the closing inventories.

IN THE INCOME STATEMENT

Financial expenses on rental liabilities are shown on a separate line in Note 44 – Financing expenses.

Rents on short-term leases and low-value property are shown in Note 39 – Operating Expenses on the "External expenses" line.

It should be noted that during the fiscal year, the Group did not recognise any expense relating to variable rent payments not taken into account in the valuation of the rental obligation.

Similarly, no profits or losses resulting from a leaseback transaction were recognised.

The cash flow statement includes cash flows related to lease agreements.

OFF-BALANCE SHEET COMMITMENTS (NOTE 48)

Property leases excluded from the scope of IFRS 16, because they are short-term leases (mainly automatically renewed leases during the implementation of the standard as of 1 January 2019) appear in off-balance-sheet commitments at 31 December 2019 for the amount of rents remaining to be paid during the notice period.

Note 34 Other debt

34.1 Other debt – by operating segment

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Due to employees	165	10	175	174	7	181
Social agencies	145	5	149	129	5	134
Other loans, deposits, and guarantees received	4,309	4	4,313	4,687	4	4,691
Other creditors	1,079	50	1,129	980	40	1,020
Other debts	212	23	235	240	27	267
TOTAL	**5,911**	**90**	**6,001**	**6,210**	**83**	**6,292**

Note that €4,210 million in debts on securities delivered under repurchase agreements appears in "Other loans, deposits, and guarantees received".

34.2 Other debt – by maturity

	31.12.2019				31.12.2018			
(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	160		15	175	167		14	181
Social agencies	149			149	134			134
Other loans, deposits, and guarantees received	4,265	12	36	4,313	4,644	12	36	4,691
Other creditors	979	150		1,129	278	742		1,020
Other debts	235			235	267			267
TOTAL	**5,789**	**161**	**51**	**6,001**	**5,489**	**754**	**50**	**6,292**

34.3 Other debt – by currency and rate

	31.12.2019			
	Currencies		Rate	
(in millions of euros)	Eurozone	Non Eurozone	Fixed rate	Variable rate
Due to employees	170	5	175	
Social agencies	149		149	
Other loans, deposits, and guarantees received	4,284	29	4,195	118
Other creditors	1,106	23	1,129	
Other debts	235		235	
TOTAL	**5,944**	**57**	**5,883**	**118**

Note 35 Analysis of premium income

35.1 Analysis of insurance premium income – by major category

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Individual retirement savings	1,797	442	2,239	1,826	458	2,284
Individual protection insurance	421	131	552	419	128	547
Individual health	401	64	464	392	59	451
Other	105		105	94		94
Individual life and health insurance	**2,724**	**637**	**3,361**	**2,731**	**645**	**3,376**
Group retirement savings	207	37	244	321	39	359
Group protection scheme	647	20	667	562	51	613
Group health	827	31	858	730	26	756
Other	268		268	213		213
Group life and health insurance	**1,948**	**88**	**2,036**	**1,826**	**116**	**1,942**
LIFE AND HEALTH INSURANCE	**4,672**	**725**	**5,397**	**4,557**	**761**	**5,318**
Motor	943	979	1,922	937	1,073	2,010
Other vehicles	43		43	44		44
Home insurance	648	206	855	635	199	833
Personal and professional property damage	337	14	351	343	14	357
Construction	91		91	87		87
Private and professional	**2,062**	**1,199**	**3,261**	**2,046**	**1,286**	**3,332**
Fleets	263	52	314	256	53	309
Professional and local authority property damage	254	197	452	249	187	436
Businesses and local authorities	**517**	**249**	**766**	**505**	**240**	**745**
Agricultural risks	230	52	282	229	121	350
Climate risks	171		171	170		170
Tractors and farming equipment	120		120	117		117
Agricultural business lines	**521**	**52**	**573**	**516**	**121**	**637**
Other business lines	422	66	488	379	65	445
PROPERTY AND CASUALTY INSURANCE	**3,522**	**1,567**	**5,089**	**3,447**	**1,712**	**5,159**
TOTAL	**8,194**	**2,291**	**10,486**	**8,003**	**2,473**	**10,477**

35.2 Analysis of financial businesses contributing to premium income

(in millions of euros)	31.12.2019	31.12.2018
Interest and related income		
Commissions (income)	170	170
Gains on financial instruments at fair value through income	1	
Gains on available-for-sale financial assets	1	1
Income from other business activities		2
TOTAL	**172**	**173**

Revenue from financial businesses shown in the consolidated financial statements corresponds to banking income before taking into account refinancing costs.

35.3 Analysis of premium income – by business

	31.12.2019					31.12.2018				
(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	4,672	3,522	172	8,366	79%	4,557	3,447	173	8,176	77%
Southern Europe	517	1,156		1,673	16%	551	1,334		1,885	18%
CEEC	208	410		618	6%	210	379		589	6%
TOTAL	**5,397**	**5,089**	**172**	**10,657**	**100%**	**5,318**	**5,159**	**173**	**10,650**	**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 36 Investment income net of management expenses

36.1 Investment income net of investment expenses – by operating segment

(in millions of euros)	31.12.2019 France	31.12.2019 International	31.12.2019 Total	31.12.2018 France	31.12.2018 International	31.12.2018 Total
Interest on deposits and financial investments income	1,603	212	1,815	1,660	211	1,870
Gains on foreign exchange transactions	40	11	51	48	10	57
Income from differences on redemption prices as yet not received (premium/discount)	109	3	112	109	3	112
Income from property	86		86	86		87
Other investment income						
Income from investments	**1,837**	**227**	**2,064**	**1,903**	**223**	**2,126**
Interest on deposits received from reinsurers				(1)		(1)
Losses on foreign exchange transactions	(41)	(8)	(48)	(31)	(8)	(39)
Amortisation of differences in redemption prices (premium-discount)	(206)	(25)	(231)	(222)	(29)	(250)
Impairment and reserves on property	(47)	(6)	(53)	(41)	(1)	(43)
Management expenses	(282)	(15)	(297)	(308)	(15)	(323)
Investment expenses	**(575)**	**(55)**	**(630)**	**(603)**	**(53)**	**(656)**
Held for trading	(35)	2	(32)	(49)	13	(36)
Available-for-sale	71	13	83	112	6	118
Held to maturity						
Other	550	1	551	347	1	349
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	**586**	**16**	**602**	**410**	**20**	**431**
Held for trading	(25)	26	1	(85)	(33)	(118)
Derivatives	(25)		(25)	63		62
Adjustments on unit-linked policies	1,424	46	1,470	(708)	(22)	(730)
Change in fair value of financial instruments recorded at fair value by income	**1,373**	**72**	**1,445**	**(730)**	**(55)**	**(785)**
Available-for-sale	(1)	(2)	(3)	(3)	(1)	(4)
Held to maturity						
Receivables and loans				1		1
Change in impairment losses on financial instruments	**(1)**	**(2)**	**(3)**	**(3)**	**(1)**	**(3)**
TOTAL	**3,220**	**258**	**3,478**	**978**	**135**	**1,112**

36.2 Investment income net of management expenses (income breakdown by type of asset)

	31.12.2019					31.12.2018				
(in millions of euros)	Income and expenses	Proceeds of disposal(1)	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds of disposal(1)	Change in fair value	Change in reserves	Total
Property	31	551		2	584	55	349		(11)	393
Equities	91	44			135	49	28	(1)	(4)	74
Bonds	1,293	34	8		1,335	1,362	67	(31)		1,398
Equity mutual funds	136	11	(11)	(1)	134	125	36	(59)		101
Mutual funds: Cash from repurchase agreements		(13)	(3)		(16)		(15)	(2)		(17)
Other cash mutual funds		(7)	(1)		(8)		(9)	(3)		(12)
Bond mutual funds	40	(35)	56	(1)	59	42	(33)	(40)		(31)
Derivatives			(25)		(25)			62		62
Other investment income	188	15	(48)		155	211	7	18	1	236
Investment income	**1,778**	**602**	**(24)**	**(1)**	**2,354**	**1,844**	**431**	**(55)**	**(14)**	**2,205**
Internal and external management expenses and expenses on financial instruments	(292)				(292)	(315)				(315)
Other investment expenses	(54)				(54)	(49)				(49)
Investment expenses	**(346)**				**(346)**	**(363)**				**(363)**
Investment income, net of expenses	**1,432**	**602**	**(24)**	**(1)**	**2,008**	**1,481**	**431**	**(55)**	**(14)**	**1,842**
Capital gains on securities representing unit-linked policies			1,562		1,562			344		344
Capital losses on securities representing unit-linked policies			(92)		(92)			(1,074)		(1,074)
Adjustments on unit-linked policies			**1,470**		**1,470**			**(730)**		**(730)**
TOTAL	**1,432**	**602**	**1,445**	**(1)**	**3,478**	**1,481**	**431**	**(785)**	**(14)**	**1,112**

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

Proceeds from the sale of properties include a capital gain of €445 million on the sold property, 79 Champs-Élysées in Paris.

36.2.1 Investment income net of management expenses (income breakdown by type of asset) – France

(in millions of euros)	31.12.2019					31.12.2018				
	Income and expenses	Proceeds of disposal(1)	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds of disposal(1)	Change in fair value	Change in reserves	Total
Property	36	550		2	589	56	347		(11)	392
Equities	90	43			133	48	26		(3)	71
Bonds	1,130	35	7		1,172	1,194	64	(30)		1,228
Equity mutual funds	121	7	(37)		90	119	18	(37)		101
Mutual funds: Cash from repurchase agreements		(13)	(3)		(16)		(15)	(2)		(17)
Other cash mutual funds		(6)			(7)		(9)	(3)		(11)
Bond mutual funds	36	(35)	56	(1)	56	37	(28)	(38)		(28)
Derivatives			(25)		(25)			63		63
Other investment income	170	5	(48)		127	196	6	25	1	227
Investment income	**1,582**	**586**	**(50)**	**1**	**2,119**	**1,651**	**410**	**(22)**	**(14)**	**2,025**
Internal and external management expenses and expenses on financial instruments	(284)				(284)	(307)				(307)
Other investment expenses	(39)				(39)	(33)				(33)
Investment expenses	**(322)**				**(322)**	**(340)**				**(340)**
Investment income, net of expenses	**1,260**	**586**	**(50)**	**1**	**1,796**	**1,311**	**410**	**(22)**	**(14)**	**1,685**
Capital gains on securities representing unit-linked policies			1,500		1,500			337		337
Capital losses on securities representing unit-linked policies			(76)		(76)			(1,045)		(1,045)
Adjustments on unit-linked policies			**1,424**		**1,424**			**(708)**		**(708)**
TOTAL	**1,260**	**586**	**1,373**	**1**	**3,220**	**1,311**	**410**	**(730)**	**(14)**	**978**

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

36.2.2 Investment income net of management expenses (income breakdown by type of asset) – International

(in millions of euros)	31.12.2019 Income and expenses	Proceeds of disposal[(1)]	Change in fair value	Change in reserves	Total	31.12.2018 Income and expenses	Proceeds of disposal[(1)]	Change in fair value	Change in reserves	Total
Property	(6)	1			(5)	(2)	1			0
Equities	1	1			2	1	2	(1)		3
Bonds	163				163	168	3	(1)		170
Equity mutual funds	15	5	26	(1)	44	6	18	(23)		1
Mutual funds: Cash from repurchase agreements										
Other cash mutual funds					(1)		(1)			(1)
Bond mutual funds	4			(1)	3	5	(5)	(2)		(2)
Derivatives										
Other investment income	18	10	(1)		27	15	2	(7)		9
Investment income	**195**	**16**	**26**	**(2)**	**235**	**193**	**20**	**(33)**		**180**
Internal and external management expenses and expenses on financial instruments	(8)				(8)	(8)				(8)
Other investment expenses	(15)				(15)	(15)				(15)
Investment expenses	**(23)**				**(23)**	**(23)**				**(23)**
Investment income, net of expenses	**172**	**16**	**26**	**(2)**	**212**	**170**	**20**	**(33)**		**157**
Capital gains on securities representing unit-linked policies			62		62			7		7
Capital losses on securities representing unit-linked policies			(16)		(16)			(29)		(29)
Adjustments on unit-linked policies			**46**		**46**			**(22)**		**(22)**
TOTAL	**172**	**16**	**72**	**(2)**	**258**	**170**	**20**	**(55)**		**135**

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

Note 37 Insurance policy servicing expenses

37.1 Insurance policy servicing expenses – by operating segment

(in millions of euros)	31.12.2019 France	31.12.2019 International	31.12.2019 Total	31.12.2018 France	31.12.2018 International	31.12.2018 Total
Claims						
Paid to policyholders	(7,114)	(1,746)	(8,861)	(7,181)	(1,751)	(8,932)
Change in technical reserves						
Outstanding claims reserves	(351)	(97)	(449)	(122)		(122)
Actuarial reserves	1,860	46	1,906	1,952	24	1,976
Unit-linked reserves	(1,819)	(91)	(1,910)	137	33	169
Profit-sharing	(1,270)	(94)	(1,364)	(1,156)	(52)	(1,209)
Other underwriting reserves	119	(1)	118	4	(6)	(2)
TOTAL	**(8,575)**	**(1,984)**	**(10,559)**	**(6,366)**	**(1,753)**	**(8,119)**

37.2 Insurance policy servicing expenses – by business

37.2.1 Insurance policy servicing expenses by business – France

(in millions of euros)	31.12.2019 Property and casualty insurance	31.12.2019 Life and health insurance	31.12.2019 Total	31.12.2018 Property and casualty insurance	31.12.2018 Life and health insurance	31.12.2018 Total
Claims						
Paid to policyholders	(2,007)	(5,107)	(7,114)	(2,168)	(5,013)	(7,181)
Change in technical reserves						
Outstanding claims reserves	(275)	(76)	(351)	(62)	(60)	(122)
Actuarial reserves		1,860	1,860		1,952	1,952
Unit-linked reserves		(1,819)	(1,819)		137	137
Profit-sharing	4	(1,273)	(1,270)	(1)	(1,155)	(1,156)
Other underwriting reserves	81	38	119	8	(4)	4
TOTAL	**(2,198)**	**(6,378)**	**(8,575)**	**(2,223)**	**(4,142)**	**(6,366)**

37.2.2 Insurance policy servicing expenses by business – International

(in millions of euros)	31.12.2019 Property and casualty insurance	31.12.2019 Life and health insurance	31.12.2019 Total	31.12.2018 Property and casualty insurance	31.12.2018 Life and health insurance	31.12.2018 Total
Claims						
Paid to policyholders	(1,145)	(602)	(1,746)	(1,136)	(614)	(1,751)
Change in technical reserves						
Outstanding claims reserves	(107)	10	(97)	22	(22)	0
Actuarial reserves		46	46		24	24
Unit-linked reserves		(91)	(91)		33	33
Profit-sharing		(94)	(94)		(52)	(52)
Other underwriting reserves	(10)	10	(1)	(3)	(3)	(6)
TOTAL	**(1,262)**	**(722)**	**(1,984)**	**(1,117)**	**(636)**	**(1,753)**

Note 38 Outward reinsurance income (expenses)

38.1 Outward reinsurance income (expenses) – by operating segment

	31.12.2019						
	France			International			
(in millions of euros)	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total	Total
Acquisition and administrative costs	42	18	60	6		7	66
Claims charges	279	64	343	41	3	44	387
Change in technical reserves	(15)	9	(5)				(6)
Profit sharing		9	9				9
Change in the equalisation reserve							
Income from outward reinsurance	**306**	**100**	**406**	**48**	**2**	**51**	**457**
Outward premiums	(439)	(116)	(556)	(56)	(3)	(59)	(614)
Change in unearned premiums	(2)	2	0	6		6	6
Expenses on outward reinsurance	**(441)**	**(115)**	**(555)**	**(50)**	**(3)**	**(53)**	**(608)**
TOTAL	**(135)**	**(14)**	**(149)**	**(1)**	**(1)**	**(2)**	**(151)**

(in millions of euros)	31.12.2018						
	France			International			
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and 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)**

Note 39 Operating expenses

39.1 Operating expenses – by operating segment

(in millions of euros)	31.12.2019 France	31.12.2019 International	31.12.2019 Total	31.12.2018 France	31.12.2018 International	31.12.2018 Total
External expenses	(456)	(87)	(543)	(489)	(85)	(573)
Taxes	(114)	(35)	(149)	(117)	(26)	(143)
Personnel expenses	(714)	(151)	(864)	(704)	(146)	(851)
Commissions	(1,274)	(385)	(1,659)	(1,053)	(403)	(1,455)
Amortisation and reserves (net of write-backs)	(85)	(29)	(114)	(66)	(25)	(91)
Other expenses	(32)	(48)	(80)	(29)	(36)	(65)
TOTAL OPERATING EXPENSES BY NATURE	**(2,674)**	**(736)**	**(3,410)**	**(2,457)**	**(721)**	**(3,179)**

39.2 Operating expenses – by sector of activity

(in millions of euros)	31.12.2019 Insurance	31.12.2019 Financial businesses	31.12.2019 Total	31.12.2018 Insurance	31.12.2018 Financial businesses	31.12.2018 Total
External expenses	(500)	(43)	(543)	(532)	(41)	(573)
Taxes	(143)	(6)	(149)	(137)	(6)	(143)
Personnel expenses	(801)	(63)	(864)	(790)	(60)	(851)
Commissions	(1,659)		(1,659)	(1,455)		(1,455)
Amortisation and reserves (net of write-backs)	(111)	(3)	(114)	(87)	(4)	(91)
Other expenses	(70)	(10)	(80)	(53)	(13)	(65)
TOTAL OPERATING EXPENSES BY NATURE	**(3,285)**	**(125)**	**(3,410)**	**(3,054)**	**(124)**	**(3,179)**

39.3 Breakdown of employee expenses

(in millions of euros)	31.12.2019	31.12.2018
Salaries	(528)	(518)
Social security expenses	(183)	(191)
Post-employment benefits		
Defined contribution plans	(50)	(47)
Defined benefit plans	(6)	(7)
Anniversary days and employee awards	(2)	(2)
Other personnel benefits	(94)	(85)
ANNUAL SALARY EXPENSES	**(864)**	**(851)**

At 31 December 2019, the gross annual remuneration (including benefits in kind) paid to members of the Groupama Assurances Mutuelles Management Committee was €7.0 million. As regards the pension plan, the total commitment at 31 December 2019 amounted to €22.4 million.

Note 40 Policy acquisition costs

40.1 Policy acquisition costs – by operating segment

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Commissions	(701)	(332)	(1,033)	(614)	(351)	(965)
Change in deferred acquisition costs	1	1	3	(2)	3	1
Other expenses	(261)	(96)	(357)	(238)	(96)	(333)
TOTAL	**(961)**	**(428)**	**(1,388)**	**(854)**	**(443)**	**(1,297)**

40.2 Policy acquisition costs – by business

40.2.1 Policy acquisition costs by business – France

	31.12.2019			31.12.2018		
(in millions of euros)	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(450)	(251)	(701)	(419)	(195)	(614)
Change in deferred acquisition costs	1		1		(2)	(2)
Other expenses	(66)	(195)	(261)	(68)	(169)	(238)
TOTAL	**(515)**	**(446)**	**(961)**	**(487)**	**(367)**	**(854)**

40.2.2 Policy acquisition costs by business – International

	31.12.2019			31.12.2018		
(in millions of euros)	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(256)	(77)	(332)	(271)	(80)	(351)
Change in deferred acquisition costs	3	(2)	1	4	(1)	3
Other expenses	(74)	(22)	(96)	(72)	(23)	(96)
TOTAL	**(327)**	**(100)**	**(428)**	**(339)**	**(104)**	**(443)**

Note 41 Administrative costs

41.1 Administrative costs – by operating segment

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Commissions	(303)	(17)	(320)	(244)	(18)	(262)
Other expenses	(204)	(116)	(320)	(166)	(112)	(278)
TOTAL	**(507)**	**(134)**	**(640)**	**(409)**	**(130)**	**(540)**

41.2 Administrative costs – by business

41.2.1 Administrative costs by business – France

	31.12.2019			31.12.2018		
(in millions of euros)	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(175)	(128)	(303)	(163)	(81)	(244)
Other expenses	(85)	(119)	(204)	(94)	(72)	(166)
TOTAL	**(260)**	**(247)**	**(507)**	**(257)**	**(153)**	**(409)**

41.2.2 Administrative costs by business – International

	31.12.2019			31.12.2018		
(in millions of euros)	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(12)	(5)	(17)	(12)	(6)	(18)
Other expenses	(81)	(35)	(116)	(77)	(35)	(112)
TOTAL	**(93)**	**(41)**	**(134)**	**(89)**	**(41)**	**(130)**

Note 42 Other income and expenses from current operations

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Commissions and other operating expenses, Life	(210)	(9)	(219)	(221)	(9)	(230)
Employee profit sharing, Life	(1)		(1)	(1)		(1)
Other operating income, Life	4	7	11	3	7	10
Transfer of operating expenses and capitalised production, Life	17		17	14		14
Total income and expenses from current operations, Life	**(190)**	**(3)**	**(193)**	**(205)**	**(2)**	**(207)**
Non-life commissions and other underwriting expenses	(301)	(89)	(389)	(339)	(73)	(412)
Employee profit sharing, Non-life	(2)		(2)	(1)		(1)
Other non-life underwriting income	156	3	160	144	3	147
Transfer of operating expenses and capitalised production, Non-life	17		17	13		13
Total income and expenses from current operations, Non-life	**(129)**	**(85)**	**(214)**	**(183)**	**(70)**	**(253)**
Other non-underwriting expenses	(219)	(28)	(248)	(178)	(17)	(195)
Other non-underwriting income	74	19	93	43	16	59
Total income and expenses from current operations, Non-operating	**(145)**	**(10)**	**(155)**	**(135)**	**(1)**	**(136)**
Total other income and expenses from current operations, Banking						
TOTAL	**(464)**	**(98)**	**(562)**	**(523)**	**(73)**	**(596)**

Note 43 Other income and expenses from non-current operations

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Income from non-current operations	58	2	60	111	12	123
Expenses from non-current operations	(207)	(23)	(229)	(118)	(36)	(154)
Allocation to the reserve for goodwill		(102)	(102)			
TOTAL	**(149)**	**(123)**	**(271)**	**(7)**	**(24)**	**(31)**

This item comprises:

- amortisation of portfolio securities totalling €16 million at 31 December 2019;
- a reserve for impairment of goodwill of the Italian subsidiary for €102 million;
- a reserve for impairment of equity-accounted securities of the subsidiary Orange Bank for €81 million.

Note 44 Financing expenses

(in millions of euros)	31.12.2019	31.12.2018
Redeemable subordinated securities	(93)	(85)
Perpetual subordinated bonds		
Financing expenses on rent liabilities	(5)	
Other financing expenses		
TOTAL	**(98)**	**(85)**

The increase in financing expenses is due to:

- TSR bonds for €9 million following the issue of the new €500 million TSR bond subscribed in the fourth quarter of 2018;
- the application of IFRS 16 for the first year for €5 million.

Note 45 Breakdown of tax expenses

45.1 Breakdown of tax expenses – by operating segment

	31.12.2019			31.12.2018		
(in millions of euros)	France	International	Total	France	International	Total
Current taxes	(155)	(7)	(161)	(64)	(7)	(71)
Deferred taxes	(53)	43	(10)	(43)	7	(37)
TOTAL	**(208)**	**37**	**(171)**	**(107)**	**0**	**(107)**

The Group underwent a tax audit in 2010 and 2019. Reserves were set aside and settled 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.

45.2 Reconciliation between total accounting tax expense and theoretical tax expense calculations

(in millions of euros)	31.12.2019	31.12.2018
THEORETICAL TAX EXPENSE	**(89)**	**(158)**
Impact of expenses or income defined as non-deductible or non- taxable	149	53
Impact of differences in tax rate	(229)	(1)
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)	(2)
EFFECTIVE TAX EXPENSE	**(171)**	**(107)**

The reconciliation with the theoretical statutory tax is as follows:

(in millions of euros)	31.12.2019 Consolidated income (losses) before tax	31.12.2019 Theoretical tax rate	31.12.2018 Consolidated income (losses) before tax	31.12.2018 Theoretical tax rate
France	520	current taxes: 34.43% deferred tax: 32.02%	423	current taxes: 34.43% deferred tax: 32.02%
Bulgaria		10.00%	1	10.00%
China	(4)	25.00%	4	25.00%
Greece	11	24.00%	15	28.00%
Hungary	26	9.00%	25	9.00%
Italy	(282)	30.82%	(54)	30.82%
Romania	(13)	16.00%	2	16.00%
United Kingdom				19.00%
Tunisia	3	30.00%	1	30.00%
Turkey	15	22.00%	21	22.00%
TOTAL	**276**		**438**	

The theoretical tax rate applicable in France remains 34.43% on current taxes and becomes 32.02% on deferred taxes. It is emphasised that within France, deferred taxation has been determined including the gradual reduction in corporation tax rates to 25.82% by 2022.

Theoretical tax rates remained unchanged over the period.

Note 46 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 €3,300 million, or 31.57% of total consolidated premium income for 2019.

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 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 no longer holds a minority stake in Groupama Banque, which is 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 solidarity 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.

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 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;
- Personal 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;
- Assistance;
- 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, the capacity of which is capped.

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 premiums kept in the total of the segments after all forms of reinsurance.

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 2019

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 agreement.

The amounts accepted for these different transactions break down as follows:

(in millions of euros)	**31.12.2019**	**31.12.2018**
Non-life earned premiums	2,181	2,036
Insurance policy servicing expenses	(1,335)	(1,370)
Acquisition costs	(162)	(148)
Administrative costs	(162)	(148)

The 2019 inward reinsurance flows incorporate the retroactive accounting effect of the transfer of the Amaline portfolio to the regional mutuals on 31 December 2019, given the 2019 reinsurance protecting that portfolio.

At 31 December 2019, the overall retrocession result was €21million.

(in millions of euros)	**31.12.2019**	**31.12.2018**
Expenses on inward retrocession	(118)	(113)
Income on inward retrocession	139	126

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 €2,181 million in 2019.

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 of Groupama Gan Vie personal life insurance policies, capitalisation contracts, and group insurance policies by the regional mutuals.

With regard to distribution, Groupama Gan Vie sets the marketing, subscription, and pricing rules for the products and prepares the pre-contractual and contractual documents to be provided to policyholders as well as the communication materials relating to the insurance products concerned. 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 rules, particularly governing healthcare records, medical confidentiality, processing of personal data, 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 markup on premiums and, for certain products, a fee on the outstanding amount (savings and pension products), as well as a fee based on the regional policy income (protection insurance products) intended to involve the regional mutual in the quality of its management.

Groupama Gan Vie posted premium income under this personal life insurance agreement of €1,084.3 million in 2019. The fees earned by the regional mutuals amounted to €116.3 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 €34.5 million in 2019. The fees earned by the regional mutuals amounted to €8.1 million.

2.3 Orange Bank

The relationships between Orange Bank, which was 35%-held indirectly by Groupama Assurances Mutuelles in 2019, and the regional mutuals are governed by identical bilateral agreements that break down into two components:

(a) A general marketing agreement

The general agreement lays down the respective roles of the bank and the regional mutual. It is licenced by Orange Bank to market its offering under an intermediary mandate defining a limited number of banking operations that the mutual is permitted to perform. The operations concerned are preparation of or support for banking transactions, given that Orange Bank is the sole party authorised to accept requests for subscription of banking and financial products.

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) A periodic 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 €49.1 million in 2019. The fees earned by the regional mutuals amounted to €12.8 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 inter-company venture and the various services of the inter-company venture in charge of developing and implementing invoicing keys.

For projects, invoicing keys are reviewed by "Business Domain Committees".

Any proposed amendment issued by one of these committees is subject to approval by the Board of Directors of the inter-company venture. Furthermore, a review of the invoicing keys is carried out with the management controllers of the 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 measures described above, €403.1 million excluding taxes was billed as of 31 December 2019, including €111.4 million 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 2017, 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 2019, the amount of financial support devoted to deploying the banking business thus came to a total of €1.9 million, net of corporate tax.

For the first time in 2015, Groupama Assurances Mutuelles covered the costs resulting from the issue of mutual certificates for the regional mutuals. In 2019, Groupama Assurances Mutuelles paid a subsidy of €14.7 million net of corporate tax for mutual certificates issued in 2019 by 9 regional mutuals.

Lastly, for the first time in 2019, Groupama Assurances Mutuelles covered the costs resulting from the EIFFEL project. In 2019, Groupama Assurances Mutuelles paid the regional mutuals in metropolitan France a subsidy of €0.8 million net of corporate tax.

Overall, the final amount of 2019 expenses for Groupama Assurances Mutuelles with respect to financial support for the regional mutuals was €17.4 million net of corporate tax.

With regard to transactions under the regime of regulated agreements, the financing of major national programmes is subject to review by the Audit and Risk Management Committee before being authorised by the Board of Directors of Groupama Assurances Mutuelles.

Note 47 Employees of consolidated companies

This note is presented in § 1.5.2 of this universal registration document.

Note 48 Commitments given and received

(in millions of euros)	31.12.2019	31.12.2018
Endorsements, securities, and guarantees received	24	34
Other commitments received	282	878
Total commitments received, excluding reinsurance	**306**	**911**
Reinsurance commitments received	**654**	**643**
Endorsements, securities and guarantees given	1,038	311
Other commitments related to stock, assets or income	677	703
Other commitments given	879	1,609
Total commitments given excluding reinsurance	**2,593**	**2,623**
Reinsurance commitments given	**4,178**	**3,607**
Securities belonging to protection institutions		
Other securities held on behalf of third parties		

Endorsements, securities, and guarantees received totalled €24 million.

Other commitments received excluding reinsurance decreased by €596 million following Groupama's decision not to renew the €750 million credit line granted by HSBC.

This item, which totalled €282 million as of 31 December 2019, mainly consists of the following:

- securities received as collateral under the collateralisation mechanism put in place to guarantee unrealised gains/losses on derivatives are also recorded as off-balance-sheet commitments, reflected in the financial statements as €133 million of commitments received in respect of bonds;
- commitments to sell properties for €119 million, mainly in the subsidiary Groupama Gan Vie.

Endorsements, securities and guarantees given totalled €1,038 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 for the sale of Groupama Seguros Espagne for €81 million;
- guarantee given as part of the sale of Carole Nash for €23 million;
- Guarantee for €11 million given as part of the sale of Groupama Seguros de Vida Portugal.
- pledges of securities for €803 million in connection with life insurance policies.

Other commitments on securities, assets, or income consist of subscriptions to venture capital funds ("FCPR"). The remaining €677 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 €879 million. They mostly consist of the following elements:

- securities given as collateral under the collateralisation mechanism put in place to guarantee unrealised gains/losses on derivatives are also recorded as off-balance-sheet commitments, reflected in the financial statements as €623 million of commitments given in respect of hedging unrealised gains/losses on financial futures instruments;
- commitments to sell properties for €153 million, mainly in the subsidiary Groupama Gan Vie;
- commitments of €3 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 €33 million, mainly from Groupama Gan Vie and the subsidiary SCI Gan Foncier.

Reinsurance commitments granted amounted to €4,178 million and consisted mainly of securities pledged under reinsurance agreements.

UNVALUED COMMITMENTS

Groupama Holding Filiales et Participations, in its capacity as main shareholder, undertakes to give Cofintex 6 the financial support necessary for the normal continuation of its business, in accordance with the notion of continuity of operations.

TRIGGER CLAUSES:

In conjunction with issues of subordinated instruments (redeemable subordinated securities and perpetual subordinated bonds), Groupama Assurances Mutuelles has trigger clauses on coupon payments:

For the three issues, Groupama Assurances Mutuelles is prohibited from paying interest in the event of regulatory deficiencies where the solvency capital cover (SCR/MCR) is less than 100%.

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

Note 49 Risk factors and sensitivity analyses

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 property. Liquidity and reinsurer insolvency risks are also specifically monitored by the Group. In addition, the Group is subject to operational, regulatory, legal and tax risks as are all companies in other business sectors.

1 Organisation of risk management within the Group

The 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.

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, consistent with the framework established by the Group.

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 group entities has been set up. This ARCC 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 with the participation of the Group Legal Department. It brings together the regional mutuals, the main insurance subsidiaries in France, and Groupama Supports & Services (G2S).

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.

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, 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 GIE G2S 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 Risk Management, Control and Compliance Department supports Groupama Assurances Mutuelles and its subsidiaries in monitoring and implementing the internal control and risk management procedure. As regards Groupama Gan Vie more particularly, the Regulatory and Environment Management Committee address all of its compliance issues.

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.

1.3 Group

The Group General Audit Department conducts several types of audit, including an overall economic and financial audit of the main Group entities every three years, this being in addition to operational audits conducted within entities, audit assignments on Groupama Assurances Mutuelles processes and on Group cross-functional processes, and lastly audit assignments conducted on behalf of some entities under the mutualisation of the key Audit function at 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 audit assignment involves a review of the risk and internal control system for the activity or entity audited; a report is prepared on the assignment presenting the observations, conclusions and recommendations to the Groupama Assurances Mutuelles Senior Management. A regular summary is presented to the Audit and Risk Management Committee. A report on the progress of the recommendations is communicated on a quarterly basis to the Executive Management Committee of Groupama Assurances Mutuelles 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:

- develops 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;
- oversees 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 monitors compliance with group policies, standards, and procedures and their effective implementation;
- identifies, assesses, oversees, and monitors the exposure to non-compliance risks (risk mapping, dashboards, risk sheets, etc.);
- assists the business lines in drafting the level 1 control plans to strengthen non-compliance risk management and draws up the corresponding level 2 control plans;
- implements and supervise, in collaboration with the Group entities, the prevention, identification, and management of conflicts of interest;
- contributes to drawing up replies to the authorities, with the Group Legal Department and entities that are concerned;
- reports on non-compliance risk management to the governance bodies of the Group and the companies.

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.

2 Insurance risks

2.1 Prudential oversight

Pursuant to European Directives, Groupama is subject to regulations for covering the solvency margin, both at the corporate level for each of the insurance companies and at the level of the combined Group.

2.2 Objectives for managing risks resulting from insurance policies and methods to limit these risks

The Group's insurance business exposes it to risks primarily related to product design, underwriting, claims management, valuation of reserves, and reinsurance.

2.2.1 Product design

Most of Groupama's business lines are subject to strong and increasing competition from other insurance companies, bancassurance companies, and mutual insurance companies. This fierce competition places great pressure on the price of certain Groupama products and services and therefore on its 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.

2.2.2 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 claims rates by entity. The most significant and most complex risks are individually monitored by the Specialist Divisions and the entities concerned. In addition, these Specialist Divisions also act to warn and advise the entities.

2.2.3 Valuation of reserves

In accordance with the practices of the insurance sector and with accounting and regulatory requirements, Groupama recognises underwriting reserves to cover claims and its property and life insurance business lines.

Determining technical reserves, however, remains an intrinsically uncertain process, relying on estimates.

The application of reserve rules is continually monitored, both before and after the fact, by teams dedicated to this task, in addition to the reviews that are conducted by the local supervisory authorities.

The rules for reserving claims and the funding tables for life and non-life disability payments are defined within the Insurance Divisions in guidelines that are harmonised for all Group entities. Reserves are evaluated by the claims managers within the operational entities and, if necessary, are supplemented by reserves for losses that have occurred but have not yet been declared.

The calculation of life insurance underwriting reserves 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 French 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 TME). which is used to set rates for policies and calculate the insurer’s commitments to policyholders. The terms and conditions vary based on the type of policy and the duration of the commitments.

The 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 26.1 of the annual financial statements.

BREAKDOWN OF ACTUARIAL RESERVES ACCORDING TO THE CRITERIA OF COMMITMENTS AT FIXED RATE, VARIABLE RATE, OR ABSENCE OF RATE COMMITMENTS

The breakdown of actuarial reserves based on fixed-rate, variable-rate (*i.e.,* tied to a market rate) or no rate commitments was as follows:

	31.12.2019			31.12.2018
(in millions of euros)	France	International	Total	Total
Commitments guaranteed at fixed rate	35,615	2,736	38,352	38,784
Commitments guaranteed at variable rate	7,601	20	7,622	7,721
Unit-linked and other products without rate commitment	10,708	1,022	11,730	10,261
TOTAL	**53,925**	**3,779**	**57,703**	**56,766**

The proportion of guaranteed-rate commitments continued to decrease slowly. The share of unit-linked and other products without rate commitment decreased, representing 20.3% of total commitments (*versus* 18.1% at the end of 2018).

2.2.4 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 Reinsurance Securities Committee, which is composed particularly of the 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.

2.3 Terms and conditions of the insurance policies which have a material impact on the amount, maturities, and uncertainty of the insurer’s future cash flows

2.3.1 General description

The Group offers a broad range of non-life insurance products designed for individuals, institutions and businesses. The motor, individual, professional and agricultural property damage policies offered by the Group are generally one-year contracts with tacit renewal, which include third-party liability coverage.

The Group offers a full line of life insurance products: this offer is packaged for individuals in the form of individual policies and for businesses in the form of group policies.

The main individual insurance policies in euros offered to our clients are savings policies, term life policies, mixed insurance policies, deferred annuity policies with mandatory withdrawal in annuities, and deferred capital contracts with return of premiums.

The group policies offered by the Group are essentially defined contribution pension plans and pension contracts by collective capitalisation in points with point value.

The Group also sells multi-component policies with one investment component in euros and one or more components in units of account.

2.3.1.1 SPECIFIC FEATURES OF CERTAIN NON-LIFE INSURANCE POLICIES

As with other insurers, the income and financial position of Groupama may be affected quite significantly by the unanticipated and random occurrence of natural or man-made events, such as floods, drought, landslides, storms, earthquake, riots, fire, explosions, or acts of terrorism. For example, the storm suffered by France in December 1999 resulted in major damage and a significant increase in compensation claims by Groupama 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.).

2.3.1.2 SPECIFIC FEATURES OF CERTAIN LIFE INSURANCE POLICIES AND FINANCIAL CONTRACT

(a) 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.

(b) Early redemption options

Most of the savings and retirement products may be surrendered by the policyholders at a value defined by the policy before maturity. Large redemptions may have significant impact on the results or the solvency in certain unfavourable environments.

(c) Specific features of unit-linked policies

Most unit-linked policies sold by Groupama do not generally provide for contractual performance. Under these conditions, the policyholder alone directly assumes responsibility for the investment risk. Certain policies may provide for a minimum redemption guarantee in case of the death of the policyholder.

2.3.1.3 MORTALITY AND LONGEVITY RISK

In life insurance, the payment of benefits depends on the death or the survival of the policyholder. It is the occurrence of one or 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:

	31.12.2019			31.12.2018
(in millions of euros)	France	International	Total	Total
Actuarial reserves for life annuities	10,349	14	10,363	10,121
Actuarial reserves for non-life annuities	2,195	20	2,216	2,324
TOTAL	**12,544**	**34**	**12,578**	**12,445**

The share of actuarial reserves for life annuities continued to be largely predominant at the end of 2019 (>80% of annuity commitments).

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.

2.4.1 Identification

Overlapping risks can be identified at the time of underwriting or during ongoing management of the portfolio.

A major role in the process of identifying overlaps during underwriting is assumed by the Group, through risk inspections, verification of the absence of overlapping co-insurance or inter-network insurance lines, identification of overlapping commitments by site.

In addition, the underwriting procedures for certain risk categories help to control overlapping risks at the time of underwriting. The procedures applicable to property damage underwriting include:

- the verification of overlapping geographical risks at the time of underwriting for major risks (agricultural risks, agri-business risks,industrial risks, municipalities);
- initial elimination during the underwriting process of cases of inter-network co-insurance overlapping risks. These Directives are defined in internal procedural guidelines.

The procedures in force for managing overlapping portfolio risks cover:

- identification of the inter-network co-insurance overlapping risks;
- inventories of commitments by site for agri-business risks; in addition, high-risk business sectors for which the Group insures the property damage and/or third-party liability risks are specifically monitored by the relevant specialist Insurance Division;
- statements of commitments for risks of storms, hail, greenhouses, frost and commercial forestry, which are used to calculate the exposure of these portfolios to storm risk.

2.4.2 Protection

Protection consists of implementing reinsurance coverage, which will first be adapted to the total amount of the potential loss and, second, corresponds to the kind of risk covered. The loss may be human in origin (fire, explosion, accident involving people) or of natural origin (weather event, such as storm, hail, etc.).

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 requirements analysis consists of an initial study on the basis of the benchmarked loss, which is re-evaluated on the basis of the change in the portfolio and the French Construction Federation (FFB) index. At the same time, simulation calculations of the exposure of the portfolios are performed using stochastic methods that result in the production of a curve showing the change in the potential maximum loss as a function of different scenarios. The results are cross-checked, analysed and discounted every year to allow the Group to opt for appropriate reinsurance solutions with a reduced margin of error.

3 Market risks

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.

3.1 Interest rate risk

3.1.1 Type of and exposure to interest rate risk

During a period of interest rate volatility, the Group's financial margins might be affected. Specifically, a drop in interest rates would have a negative effect on the profitability of the investments. As such, during a period of low interest rates, the financial performance of the Group might be affected.

Conversely, in the event of an increase in rates, the Group may have to face a rush of redemptions for these policies, which would lead to the sale of a portion of the bond portfolio under unfavourable market conditions.

The consequences of interest rate changes would also impact the SCR and MCR coverage rates.

3.1.2 Group risk management

Several years ago, the Group implemented systematic studies on the exposure of the Group's subsidiaries to market risks.

3.1.2.1 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.

3.1.2.2 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.

3.1.2.3 INTEREST RATE RISK RELATED TO THE EXISTENCE OF GUARANTEED RATES

The constraints of guaranteed minimum interest rates constitute a risk for the insurer if rates fall, as the yield on the assets may be insufficient in terms of these constraints. These risks are handled at the regulatory level through specific risks.

3.1.2.4 INTEREST RATE HEDGING

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.

3.1.3 Sensitivity to interest rate risk analysis

Pursuant to IFRS 7, an analysis of accounting sensitivity was carried out at 31 December 2019 with a comparative period. This analysis applies to year-end balance-sheet postings that show accounting sensitivity to interest rate risk (technical non-life and life liabilities, bond investments, financial debt in the form of bonds). It is not similar to analyses applying to embedded-value-type prospective data.

The impacts on group's equity and income are shown net of profit sharing and corporate tax.

3.1.3.1 SENSITIVITY OF TECHNICAL INSURANCE LIABILITIES ANALYSIS

(a) 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 financial statements, these amounts are therefore not sensitive to changes in interest rates.

At 31 December 2019, the amount of the discount in the actuarial reserves for non-life annuities, before reinsurance, was €142 million. The amount of the discount in the reserve for increasing risks on long-term care, gross of reinsurance, was approximately €54 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:

	31.12.2019		31.12.2018	
	Interest rate		Interest rate	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on income (net of taxes)	84	(111)	67	(66)
Equity impact (excluding income)				

(b) 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:

	31.12.2019		31.12.2018	
	Interest rate		Interest rate	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on income (net of taxes)	21	(28)	20	(27)
Equity impact (excluding income)				

3.1.3.2 SENSITIVITY OF FINANCIAL INVESTMENTS ANALYSIS

The following table shows the impacts on income and on the revaluation reserve (posted under group's 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 2019, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 63.98% to 87.60%.

	31.12.2019		31.12.2018	
	Interest Rate Risk		Interest Rate Risk	
(in millions of euros)	+1%	-1%	+1%	-1%
Impact on the revaluation reserve	**(745)**	**831**	**(550)**	**602**
Equities				
Equity mutual funds				
Bonds	(733)	818	(542)	594
Fixed-income mutual funds	(12)	13	(8)	8
Derivative instruments and embedded derivatives				
Impact on net income	**6**	**(6)**	**(15)**	**16**
Equities				
Equity mutual funds				
Bonds	(3)	3	(1)	1
Fixed-income mutual funds	(11)	11	(34)	35
Derivative instruments and embedded derivatives	20	(20)	20	(20)

We note that the change in fair value of the derivatives and embedded derivatives, which primarily correspond to hedge derivatives, passes through the income statement.

3.1.3.3 FINANCING DEBT SENSITIVITY ANALYSIS

Subordinated loans posted to liabilities on the Group income statement may be posted to debt or group's equity under IFRS.

In fiscal 2014, the Group issued perpetual bonds consisting of perpetual subordinated instruments. The features of this issuance meet the criteria to allow the bond to be considered an equity instrument (see Note 22 – Group's 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.

3.2 Risk of variation in the price of equity instruments (stocks)

3.2.1 Type of and exposure to equity risk

Exposure to equity markets allows the companies to capture the yield on these markets but also exposes them to two major types of risks:

- accounting reserving risk (reserve for long-term impairment, reserve for contingent payment risks, reserves for financial contingencies);
- the commercial risk brought about by the reserving risk insofar as policyholder compensation could be impacted by the aforementioned reserving.

The weight of equity instruments out of total financial investments (including operating property) was 5.4% 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”).

3.2.2 Group risk management

The Group manages its hedging and exposure tactically, on the basis of market levels, with little change in exposure over 2019. The Group also pursued its diversification policy through commitments in unlisted equities.

The Group manages equities as part of internal constraints under two distinct logics:

- a primary limit fixing the maximum permissible exposure to equity risk;
- a set of secondary limits with the objective of limiting the equity portfolio’s concentration by sector, issuer, or major type as well as illiquid equity categories.

These limits are observed at the level of each insurance entity and at the Group level. Any exceeding of the limits is handled according to whether it is part of an entity or the Group by the corresponding Risk Committees.

3.2.3 Sensitivity of financial investments to equity risk analysis

The following table shows the impacts on income and the revaluation reserve (classified under group’s 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 2019, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 63.98% to 87.60%.

	31.12.2019		31.12.2018	
	Equities risk		Equities risk	
(in millions of euros)	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	**76**	**(76)**	**59**	**(59)**
Equities	42	(42)	34	(34)
Equity mutual funds	34	(34)	25	(25)
Bonds				
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	**8**	**(8)**	**10**	**(10)**
Equities				
Equity mutual funds	8	(8)	10	(10)
Bonds				
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				

3.3 Foreign exchange risk

3.3.1 Exposure to foreign exchange risk

Exposure to foreign exchange risk for subsidiaries in the eurozone corresponds primarily to their assets, subject to exchange rate fluctuations of 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. These currently include 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.

3.3.2 Managing foreign exchange risk

Exchange rate risk is currently hedged mainly through currency swaps and forward exchange contracts. 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.

3.3.3 Analysis of exchange rate sensitivity

The following table shows the impacts on income and the revaluation reserve (posted under group's 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 2019, the profit-sharing rate used for entities holding life insurance commitments corresponded to a range of 63.98% to 87.60%.

	31.12.2019		31.12.2018	
	Foreign exchange risk		Foreign exchange risk	
(in millions of euros)	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	**49**	**(49)**	**35**	**(35)**
Equities	18	(18)	12	(12)
Equity mutual funds	1	(1)	1	(1)
Bonds	30	(30)	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.

3.4 Credit risk

The Group's bond portfolio breakdown by rating and by type of issuer is presented in Notes 7.8.3 and 7.8.4 to 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.

3.4.1 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 remuneration for the 10-year swap rate.

3.4.2 Managing counterparty risk

Internal procedures stipulate that any over-the-counter contract is systematically covered by guarantee contracts with the banking counterparties in question.

This systematic collateralisation of the hedging transactions significantly reduces the counterparty risk related to these over-the-counter transactions.

3.5 Risk on property assets

3.5.1 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 proportion of property assets out of total financial investments (including operating properties) was 1.91%. They may be held directly, in OPCI or SCI form, or through eligible rental assets under IFRS 16. Property assets can be split into:

- investment properties representing 1.24% of total financial investments;
- operating properties representing 0.68% of total financial investments.

3.5.2 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.

3.6 Summary of sensitivity to market risks analyses

The following table shows all the sensitivity to market risks analyses for fiscal years 2019 and 2018, split between group's equity and income, excluding profit sharing and taxes.

	31.12.2019				31.12.2018			
	Up fluctuation in sensitivity criteria		Down fluctuation in sensitivity criteria		Up fluctuation in sensitivity criteria		Down fluctuation in sensitivity criteria	
(in millions of euros)	Group's equity	Income (Loss)	Group's equity	Income (Loss)	Group's equity	Income (Loss)	Group's equity	Income (Loss)
Interest rate risk	**(745)**	**111**	**831**	**(145)**	**(550)**	**72**	**602**	**(77)**
Underwriting liabilities		105		(139)		87		(93)
Financial investments	(745)	6	831	(6)	(550)	(15)	602	16
Financing debt								
Equities risk	**76**	**8**	**(76)**	**(8)**	**59**	**10**	**(59)**	**(10)**
Financial investments	76	8	(76)	(8)	59	10	(59)	(10)
Foreign exchange risk	**49**		**(49)**		**35**		**(35)**	
Financial investments	49		(49)		35		(35)	

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 equity risk;
- up or down fluctuation of 10% in all currencies against the euro, for exchange rate risk.

4. Liquidity risk

4.1 Nature of exposure to liquidity risk

The overall liquidity risk is analysed using the asset/liability approach, which defines the cash requirement to be held as an asset based on the liquidity requirements imposed by liabilities, using:

- technical cash flow projections in a central scenario;
- sensitivity scenarios on technical assumptions (production, claims ratio).

4.2 Risk management

Stress tests are regularly conducted on both assets and liabilities in order to ensure that in the event of a simultaneous increase in benefits payable and interest rates, the Group is able to meet its commitments in terms of both assets to dispose of and any realisations of capital losses.

At the end of 2019, the liquidity risk was greatly reduced by the size of unrealised capital gains present in the portfolio.

4.3 Financial investment by maturity

The profile of the annual maturities of bond portfolios is given in Note 7.8.2 to the annual financial statements.

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:

	31.12.2019				31.12.2018			
(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	4,357	3,475	5,238	13,070	4,370	3,496	5,047	12,913
Life underwriting reserves - insurance policies excluding unit-linked items	1,100	5,830	27,098	34,028	1,073	5,785	26,954	33,812
Technical liabilities relating to financial contracts with discretionary profit sharing excluding unit-linked items	379	2,823	8,795	11,997	365	2,895	9,277	12,537
Technical liabilities relating to financial contracts without discretionary profit sharing excluding unit-linked items			1	1			1	1
Reserve for deferred profit-sharing liability	5,438	5	51	5,494	3,756	4	44	3,804
TOTAL TECHNICAL INSURANCE LIABILITIES AND LIABILITIES FOR FINANCIAL CONTRACTS	**11,274**	**12,133**	**41,182**	**64,590**	**9,564**	**12,180**	**41,323**	**63,066**

Most technical liabilities relating 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-related liabilities.

4.5 Financing debt by maturity

The principal features of financial debt, as well as its breakdown by maturity, are provided in Note 25 herein – Financial Debt.

5 Operating, legal, regulatory, and tax risks

5.1 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 Assurances Mutuelles must be conducted. They are appropriate to each business line and each key process. Operational risks are identified and associated permanent controls are formalised across the Group, at every stage of business line and functional processes, based on benchmarked Group processes and the Group classification of operational risks. The operational risk control 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 people and property.

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 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.

5.2.1 Compliance with company law and the French Commercial Code

The Group Legal Department, under the supervision of the Company Secretary, manages 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. As such, it ensures the legal compliance of its operations and its Directors and senior executives. Internal checks on the effective implementation of administrative legal procedures are based on ongoing monitoring systems on an individual entity basis.

5.2.2 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;building and running of training and awareness raising sessions on the regulations applicable to the insurance business, intended for a variety of audiences (distribution networks, managers, etc.).

5.2.3 Other areas

Specific procedures have been put in place to meet special requirements:

- To prevent insider dealing, the policies and procedures governing the Groupama Assurances Mutuelles Board of Directors contains a detailed reiteration of the statutory and regulatory provisions on the various restrictions on persons privy to privileged information about listed companies and financial instruments traded on regulated markets. Groupama Assurances Mutuelles staff in charge of investing in financial instruments traded on regulated markets and those working in mergers-acquisitions sign a non-disclosure agreement reiterating these same statutory and regulatory provisions. Groupama Assurances Mutuelles staff required to work on strategic transactions involving a listed company sign an NDA for each such transaction;
- in the fight against money laundering and terrorist financing (AML/CFT), the management is handled by the Group Compliance Division. Entities implement applicable regulatory provisions and professional guidance in those of their procedures relevant to this field. The key points of the procedure include categorisation of the risks of money laundering and the financing of terrorism, collecting information on customers and the sources of their funds on the basis of the size of the risk, an automated detection system for people on asset-freeze lists and politically-exposed persons, a CRM profiling system for life/savings business activities, and a permanent and periodic control mechanism to check procedures are followed properly. An anti-money laundering and combating the financing of terrorism organisational chart defines the roles and responsibilities of the various participants and stakeholders at Group level and at each operational entity concerned, describes the mechanism in place with respect to informing and training employees, determines the methods and conditions for exchanging information required for due diligence, and specifies the procedure to be followed for control and risk monitoring. The Group Compliance Department, in conjunction with a network of AML/CFT managers in the insurance subsidiaries both in France and internationally, asset management subsidiaries, and regional mutuals, ensures that the Group complies with its obligations in this area;
- 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 Officer (DPO), and the Claims units of the Group Insurance and Services Division;

- regarding the protection of customers, the key function of the Compliance Verification of Groupama Assurances Mutuelles 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 various recommendations of the ACPR,
  - monitoring of the major risk for the Group of "failure to advise",
  - deployment of the Insurance Distribution Directive, which also includes product governance, 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);
- regarding the fight against corruption and influence peddling (Sapin 2 law), the key function of Compliance Verification of Groupama Assurances Mutuelles manages the various operational implementation projects.

5.3 Tax risks

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.

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).

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.

With regard to transfer pricing, the Group Tax Division overhauled the 2019 Master File and organised the internal collection of new information, in particular financial information, which is requested from 2019 onwards for 2018 so that the 2019 Master File in its new version, meeting the new French requirements in line with OECD standards, could be finalised and sent in English to all the international subsidiaries.

The Group's tax situation in France is also marked by the establishment of a tax partnership between Groupama and the DGFIP, following the signing of a protocol on 26 June with the SPE (Service Partenaire des Entreprises), which is a major step in the evolution of the Group's tax management.

In the light of the current tax situation in France, attention is drawn to the revision, once again unfavourable to large companies, of the trajectory of the reduction of the corporate tax rate, without calling into question the target of 25% in 2022, and the postponement of the establishment of the VAT group regime, now announced in the 2021 finance bill, which is intended to replace the current regime of grouping of resources condemned at the Community level.

Note 50 Statutory auditors' fees

(in thousands of euros excluding taxes)	2019							2018						
	PWC		Mazars		Other		Total	PWC		Mazars		Other		Total
1. Legal audits														
1.1. Statutory auditing, certification, review of individual and consolidated financial statements	**2,189**	**53.1%**	**1,828**	**44.4%**	**103**	**2.5%**	**4,119**	**1,970**	**51.0%**	**1,756**	**45.4%**	**137**	**3.6%**	**3,863**
Groupama Assurances Mutuelles	527	50.0%	527	50.0%	0	0.0%	1,053	524	50.0%	524	50.0%	0	0.0%	1,048
French subsidiaries	1,186	55.0%	891	41.4%	78	3.6%	2,155	1,148	53.7%	869	40.6%	121	5.7%	2,138
International subsidiaries	477	52.3%	410	44.9%	25	2.8%	911	298	44.1%	363	53.6%	16	2.3%	677
1.2 Other due diligence measures and services directly related to the statutory auditing task	**21**	**67.6%**	**10**	**32.4%**	**0**	**0.0%**	**31**	**853**	**71.0%**	**336**	**27.9%**	**13**	**1.1%**	**1,202**
Groupama Assurances Mutuelles	10	50.0%	10	50.0%	0	0.0%	20	416	65.0%	225	35.0%	0	0.0%	641
Other subsidiaries	11	100.0%	0	0.0%	0	0.0%	11	437	77.8%	111	19.8%	13	2.4%	561
Subtotal consolidated financial statements	**2,210**	**53.2%**	**1,838**	**44.3%**	**103**	**2.5%**	**4,150**	**2,824**	**55.8%**	**2,091**	**41.3%**	**150**	**3.0%**	**5,065**
2. Services other than auditing the financial statements performed by the entity's statutory auditors	622	83.7%	113	15.2%	8	1.1%	743							
3. Services other than auditing the financial statements that may be performed by other service providers	247	36.1%	437	63.9%	0	0.0%	683							
4. Other missions								9	100.0%	0	N/A	0	N/A	9
TOTAL CONSOLIDATED FINANCIAL STATEMENTS	**3,078**	**55.2%**	**2,387**	**42.8%**	**111**	**2.0%**	**5,577**	**2,833**	**55.8%**	**2,091**	**41.2%**	**150**	**3.0%**	**5,074**

Note 51 List of entities in the scope of consolidation and major changes to the scope of consolidation

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

- Newly consolidated entities;
  - Express Life;
  - Groupama Gan Reim;
  - Groupama Energies Renouvelables;
  - OPPCI Groupama Gan Logistics;
  - A newly consolidated mutual fund.
- Mergers and acquisitions:
  - SCI Window La Défense was taken over by Groupama Gan Paris La Défense Office, which was itself taken over by Compagnie Foncière Parisienne.
- Name changes:
  - Sigorta Emeklilik became Groupama Hayat;
  - OPCVM Groupama Eonia IC C became Groupama Monétaire IC C.
- Disposals and removals from the scope of consolidation:
  - GUK Broking Services was liquidated;
  - Two mutual funds were removed from the scope of consolidation.
- Changes in consolidation method:
  - The Groupama Monétaire IC C mutual fund is fully consolidated (equity method in 2018).

			31.12.2019			31.12.2018		
Company name	**Business sector**	**Location of head office**	**% control**	**% interest**	**Method**	**% control**	**% interest**	**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
ASSU-VIE	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 & 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 SIGORTA	Insurance	Turkey	99.52	99.52	FC	99.52	99.52	FC
GROUPAMA HAYAT	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
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
EXPRESS LIFE	Insurance	Bulgaria	100.00	100.00	FC			

Company name	Business sector	Location of head office	31.12.2019 % control	31.12.2019 % interest	31.12.2019 Method	31.12.2018 % control	31.12.2018 % interest	31.12.2018 Method
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
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSET MANAGEMENT	Asset 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
GROUPAMA GAN REIM	Asset management	France	100.00	100.00	FC			
COMPAGNIE FONCIÈRE PARISIENNE	Property	France	95.39	95.39	FC	95.39	95.39	FC
SCI WINDOW LA DÉFENSE	Property	France				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 ÉLYSÉES	Property	France	100.00	100.00	FC	91.21	91.21	FC
SOCIÉTÉ FORESTIÈRE 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 DÉFENSE OFFICE	OPPCI	France				100.00	95.39	FC
GROUPAMA GAN RETAIL FRANCE	OPPCI	France	100.00	99.67	FC	100.00	99.52	FC
THE LINK PARIS LA DÉFENSE	Property	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA GAN LOGISTICS	OPPCI	France	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 THÉÂTRE	Property	France	100.00	98.89	FC	100.00	98.89	FC
150 CHAMPS ÉLYSÉES SO LUXURY HOTEL	Property	France	95.72	95.72	FC	95.72	95.72	FC
GROUPAMA GAN PARIS SO PRIME	Property	France	100.00	95.72	FC	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
GROUPAMA ENERGIES RENOUVELABLES	Venture capital fund	France	100.00	100.00	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

Company name	Business sector	Location of head office	31.12.2019 % control	31.12.2019 % interest	31.12.2019 Method	31.12.2018 % control	31.12.2018 % interest	31.12.2018 Method
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
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	98.33	98.33	FC
GROUPAMA CONVERTIBLES ID D	Mutual fund	France	83.04	80.98	FC	87.75	85.57	FC
GROUPAMA ENTREPRISES IC C	Mutual fund	France	33.61	33.61	EM	29.54	29.54	EM
GROUPAMA CREDIT EURO IC C	Mutual fund	France				82.52	82.52	FC
GROUPAMA CREDIT EURO ID D	Mutual fund	France	99.97	99.97	FC	99.99	99.99	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	87.50	87.50	FC
GROUPAMA OBLIGATION MONDE I C	Mutual fund	France	94.57	91.65	FC	94.48	91.56	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 23 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG STRUCTURÉ LIFE D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA MONETAIRE IC C	Mutual fund	France	54.72	54.72	FC	49.59	49.59	EM
ASTORG PENSION D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG CASH MT D	Mutual fund	France	97.61	97.22	FC	99.43	99.09	FC
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 MONÉTAIRE D	Mutual fund	France	73.73	73.73	FC	99.76	99.76	FC

Company name	Business sector	Location of head office	31.12.2019 % control	31.12.2019 % interest	31.12.2019 Method	31.12.2018 % control	31.12.2018 % interest	31.12.2018 Method
GROUPAMA ULTRA SHORT TERM BOND G D	Mutual fund	France	21.54	21.54	EM			
ASTORG REPO INVEST D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA TRÉSORERIE P C	Mutual fund	France				36.23	36.23	EM
ASTORG OBLIGATIONS CT G D	Mutual fund	France	99.91	96.06	FC	96.88	93.67	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	75.00	75.05	FC	80.10	80.10	FC

FC: Full consolidation.
EM: Equity method.

Certain real estate entities are consolidated using the equity method under a “simplified” process. This consists of reclassifying on the balance sheet the value of the units and the financing current account in the 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 isprovided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed inaccordance with, French law and professional auditing standards applicable in France.

(Year ended 31 December 2019)

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

MAZARS
Tour Exaltis
61, rue Henri Regnault
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 2019, as attached to this report. These financial statements were approved by the Board of Directors on 12 March 2020 on the basis of the information available as of that date in an evolving context of the COVID-19 health crisis.

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 2019 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.

Observation

Without qualifying our opinion above, we draw your attention to Note 2.2 "General presentation of consolidated financial statements" to the consolidated financial statements, which sets out the impacts of the first-time application of IFRS 16 "Leases".

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, approved under the conditions recalled above, 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 26.1 of the notes to the consolidated financial statements)

Identified risk	Implemented procedures
Reserves for claims, appearing on the balance sheet at 31 December 2019 for €8,915 million in the consolidated financial statements, 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 7.9 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 €2,207 million on the assets side of the Group's consolidated balance sheet at 31 December 2019.
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, a comparable where possible, or valuations communicated by counterparties,
	■ Where the security was valued on the basis of an internal model:
	  ■ Analyse of the relevance of the assumptions and parameters used,
	  ■ Review of the construction of the model and inputs (data) used for the valuation,
	  ■ An independent counter-valuation by sampling, using our own models.

SPECIFIC VERIFICATIONS

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 approved on 12 March 2020. With regard to events occurring and items learned after the reporting date relating to the effects of the COVID-19 crisis, management informed us that they will be communicated to the general meeting convened to approve the financial statements.

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 2019, PricewaterhouseCoopers Audit was in the 21th year of its mission without interruption, and Mazars was in its 20th 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, 27 March 2020

The Statutory Auditors

PricewaterhouseCoopers Audit
Christine Billy

MAZARS
Pascal Parant   Nicolas Dusson

7.3 ANNUAL FINANCIAL STATEMENTS AND NOTES

7.3.1 BALANCE SHEET

Assets

(in thousands of euros)		31.12.2019	31.12.2018
Intangible assets	**Note 4**	**11,554**	**10,511**
Investments		**12,737,413**	**12,251,015**
Land and buildings	Note 5.1	430,165	536,840
Investments in related companies and companies with equity-linked interest	Note 5.2	9,752,577	9,136,368
Other investments	Note 5.3	2,554,670	2,577,808
Receivables for cash deposits with ceding companies			
Share of outward reinsurers and retrocessionaires in technical reserves:	**Note 6**	**1,152,174**	**1,117,438**
Reserves for unearned premiums		7,424	6,213
Reserves for claims (Non-Life)		934,939	901,613
Reserves for profit sharing and rebates (Non-Life)			
Equalisation reserves		5,673	5,022
Other technical reserves (Non-Life)		204,139	204,590
Receivables	**Note 7**	**693,041**	**545,373**
Receivables relating to direct insurance operations		4,770	14,904
Receivables relating to reinsurance transactions		401,497	372,142
Other receivables		286,775	158,327
Other assets		**26,473**	**53,652**
Tangible operating assets		490	1,834
Cash and equivalents		25,983	51,818
Accruals – Assets	**Note 8**	**192,149**	**147,969**
Unrealised foreign exchange adjustments			
TOTAL ASSETS		**14,812,805**	**14,125,959**

Liabilities

(in thousands of euros)		31.12.2019	31.12.2018
Group's equity:	**Note 9**	**3,701,838**	**3,390,138**
Initial capital		3,617,879	3,617,879
Share capital			
Conversion difference		(353,043)	(393,043)
Additional paid-in capital			
Other reserves			
Retained earnings		111,300	0
Net income for fiscal year		325,702	165,302
Subordinated liabilities	**Note 10**	**2,729,538**	**2,732,516**
Gross technical reserves:	**Note 11**	**6,358,990**	**5,956,958**
Reserves for unearned premiums		359,982	343,244
Reserves for claims (Non-Life)		4,719,413	4,360,719
Reserves for profit sharing and rebates (Non-Life)		244	196
Equalisation reserves		139,609	123,461
Other technical reserves (Non-Life)		1,139,742	1,129,337
Reserves (other than underwriting)	**Note 12**	**65,949**	**75,151**
Payables for cash deposits received from outward reinsurers and retrocessionaires representing technical commitments		**148,426**	**157,693**
Other liabilities:	**Note 13**	**1,796,678**	**1,805,923**
Debts arising from direct insurance operations		3,094	3,428
Debts relating to reinsurance transactions		208,180	269,751
Bonds (including convertible bonds)		595,651	567,930
Debt to credit institutions		0	0
Other debts		989,753	964,814
Accruals – Liabilities	**Note 14**	**11,386**	**7,579**
Unrealised foreign exchange adjustments			**0**
TOTAL LIABILITIES		**14,812,805**	**14,125,959**

7.3.2 OPERATING INCOME STATEMENT

(in thousands of euros)	Gross transactions	Outward reinsurance and retrocessions	2019 net transactions	2018 net transactions
Earned premiums	**2,849,717**	**554,813**	**2,294,903**	**2,230,536**
Premiums	2,866,480	556,024	2,310,456	2,241,714
Change in unearned premiums	(16,763)	(1,211)	(15,552)	(11,178)
Income from allocated investments	**279,442**	**0**	**279,442**	**57,405**
Other underwriting income				
Claims charges	**(2,016,610)**	**(341,066)**	**(1,675,544)**	**(1,670,683)**
Benefits and expenses paid	(1,658,400)	(307,945)	(1,350,455)	(1,583,477)
Charges from reserves for claims	(358,209)	(33,121)	(325,089)	(87,206)
Charges from other technical reserves	**(10,452)**	**451**	**(10,903)**	**43,118**
Profit sharing	**0**	**0**	**0**	**0**
Acquisition and administrative costs	**(579,683)**	**(61,963)**	**(517,720)**	**(528,083)**
Acquisition costs	(351,705)	11	(351,717)	(351,843)
Administrative costs	(227,978)	0	(227,978)	(211,771)
Commissions received from reinsurers	0	(61,974)	61,974	35,532
Other underwriting expenses	**(192,081)**	**0**	**(192,081)**	**(147,488)**
Change in the equalisation reserve	**(16,147)**	**(651)**	**(15,497)**	**74,926**
UNDERWRITING INCOME FROM NON-LIFE INSURANCE	**314,186**	**151,585**	**162,601**	**59,731**

7.3.3 NON-OPERATING INCOME STATEMENT

(in thousands of euros)		2019 net transactions	2018 net transactions
Underwriting income from Non-Life insurance		**162,601**	**59,731**
Investment income	**Note 18**	**941,741**	**367,499**
Income from investments		863,525	296,180
Other investment income		65,157	66,478
Profits on the sale of investments		13,059	4,840
Investment expenses	**Note 18**	**(452,096)**	**(268,929)**
Internal and external investment management costs		(232,016)	(195,000)
Other investment expenses		(211,627)	(24,245)
Losses on the sale of investments		(8,453)	(49,683)
Transferred investment proceeds		**(279,442)**	**(57,405)**
Other non-technical income and expenses	**Note 19**	**(18,153)**	**(17,339)**
Other non-underwriting income		106	257
Other non-underwriting expenses		(18,258)	(17,596)
Extraordinary earnings	**Note 20**	**(21,305)**	**(15,666)**
Extraordinary income		39,789	70,092
Extraordinary expenses		(61,094)	(85,758)
Employee profit sharing		**0**	**0**
Income tax	**Note 21**	**(7,645)**	**97,411**
NET INCOME FOR FISCAL YEAR		**325,702**	**165,302**

7.3.4 COMMITMENTS RECEIVED AND GIVEN

(in thousands of euros)	31.12.2019	31.12.2018
1. Commitments received	**2,131**	**752,131**
from related companies	1,931	1,738
from equity-linked companies		393
from other companies	200	750,000
2. Commitments given:		
2a. Endorsements, securities and guarantees received, credit given	**197,989**	**270,866**
to related companies	12,073	12,459
to equity-linked companies	1,919	1,980
to other companies	183,997	256,427
2b. Stock and assets acquired through sale commitment		
to related companies	-	-
to equity-linked companies	-	-
to other companies	-	-
2c. Other commitments related to stock, assets or income	**18,857**	**21,928**
to related companies	7,669	7,669
to equity-linked companies		
to other companies	11,188	14,259
2d. Drawing rights given to a guarantee fund		
to related companies	-	-
to equity-linked companies	-	-
to other companies	-	-
2e. Other commitments given	**2,085**	**43,937**
to related companies	1,852	41,343
to equity-linked companies		
to other companies	233	2,594
3. Mutual commitments		
3a. Securities received as collateral from outward reinsurers and retrocessionaires	**388,812**	**394,504**
from related companies	20,019	32,895
from equity-linked companies		
from other companies	368,793	361,609
3b. Securities received from companies that have traded in substitution		**-**
3c. Other mutual commitments	**363,870**	**367,311**
from related companies	110,093	131,684
from equity-linked companies	184,380	164,280
from other companies	69,397	71,347
4. Other securities held on behalf of third parties		
5. Outstanding financial futures		
5a. Breakdown of outstanding financial futures by strategy category:	**467,340**	**482,640**
Investment or disinvestment strategies		
Yield strategies	467,340	482,640
Other transactions		
5b. Breakdown of outstanding financial futures by market category:	**467,340**	**482,640**
Transactions on an OTC market	467,340	482,640
Transactions on regulated or equivalent markets		

(in thousands of euros)	31.12.2019	31.12.2018
5c. Breakdown of outstanding financial futures by type of market risk and instruments, in particular:	**467,340**	**482,640**
Interest rate risk		
Foreign exchange risk		
Equity risk	467,340	482,640
5d. Breakdown of outstanding financial futures by instrument type, in particular:	**467,340**	**482,640**
Swaps	467,340	482,640
Interest rate guarantee agreements		
Futures		
Options		
5e. Breakdown of outstanding financial futures by residual duration of strategies according to the ranges:	**467,340**	**482,640**
0-1 year		
1-5 years	467,340	482,640
5+ years		
Total commitments received	**858,283**	**1,629,275**
Total commitments given	**1,050,140**	**1,186,682**

7.3.5 RESULTS OF THE PAST FIVE FISCAL YEARS

(in euros)	Fiscal year 2015	Fiscal year 2016	Fiscal year 2017	Fiscal year 2018	Fiscal year 2019
I. Ending financial position					
a) Share capital or initial capital	1,686,569,399	2,088,305,152	2,088,305,152	3,617,878,996	3,617,878,997
b) Share capital: Number of shares	329,086,712	407,474,176	407,474,176	411,824,587	411,824,587
c) Number of bonds convertible into shares					
II. Transactions and net income for fiscal year					
a) Premiums for the fiscal year	2,274,443,639	2,282,012,505	2,707,975,302	2,743,675,632	2,849,716,609
b) Income before tax, amortisation and reserves	(50,408,566)	(200,306,096)	284,751,941	8,109,823	472,376,564
c) Corporate income tax	(81,462,741)	(126,165,109)	(107,341,116)	(97,411,229)	7,644,771
d) Employee profit-sharing due for the fiscal year					
e) Income after tax, profit sharing, amortisation and reserves	69,972,545	(358,447,095)	518,862,511	165,302,131	325,701,859
f) Distributed income	14,261,596		13,854,122		
III. Personnel					
a) Number of employees	1,268	1,257	1,265	1,233	1,277
b) Amount of payroll costs	104,206,004	96,343,404	104,061,241	102,887,430	111,613,842
c) Amounts paid in employee benefits	55,028,695	51,441,424	54,708,706	56,523,105	58,717,870

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 rating

On 20 June 2019, Fitch Ratings raised the Insurer Financial Strength (IFS) ratings of Groupama Assurances Mutuelles and its subsidiaries to "A" and maintained the outlook associated with these ratings at "Positive".

1.2 Subordinated instruments

On 16 September 2019, Groupama issued subordinated instruments with a maturity of 10 years for a total of €500 million with an annual coupon of 2.125%. 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.

On 27 October 2019, Groupama proceeded with the early redemption of its redeemable subordinated bonds issued in 2009 for €500 million, at the first redemption date, in accordance with Article 5 of the terms and conditions of the bonds.

1.3 Transfer of the Amaline portfolio to the regional mutuals

Amaline's insurance portfolio was transferred to the regional mutuals, with this residual structure becoming an insurance broker. The Amaline entity is now intended to develop the partnership activity by becoming an insurance broker. Groupama Assurances Mutuelles reinsures 100% of the Amaline portfolio (whether business carried out through direct insurance or business carried out under a partnership) for new business underwritten until 31 December 2019. The portfolio represents €76 million in premiums.

2 Post-balance sheet events

None.

3 Accounting principles, rules and methods

The individual 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 *et seq.* 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 reinsurance. 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 *prorata 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:

- services and expenses paid for in connection with direct business or that accepted under reinsurance treaties which equate the claims paid net of remedies to be received for the year plus periodic annuity payments. They also include claims-related expenses. These claims also include periodic payments of annuities managed directly by Groupama 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 inward reinsurance from the regional mutuals is two-pronged. One component is set aside for ten-year coverage for general liability and the other is for ten-year coverage for property damages. 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 annuities allocated for traffic accidents occurring on or after 1 January 2013 include an 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 underwriting 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 provision 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 2015-11. The discount rate used is 60% of the average TME of the last 24 months plus 10 basis points. Actuarial reserves for annuities allocated 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 2015-11.

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 agreements. They may be supplemented by estimates if the current accounts with those reinsurers are incomplete at the end of the fiscal 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	
	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 on 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 on 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 Investments (GHFP) was €7,028 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 strategic operational 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 overhead expenses corresponding to investment-management activities.

The capital gains or losses on marketable securities are determined by applying the first-in first-out method (FIFO), and they are recorded in the income statement.

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 2019 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 on the income statement.

3.3.8 Corporate income tax

Groupama Assurances Mutuelles is the parent company of a tax combination group comprising 60 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,
  - payables owed for inward transactions from these ceding entities;
- for outward transactions:
  - advances or loans with outward reinsurers,
  - payables owed for inward transactions from these outward reinsurers;
- for the other payables:
  - advances or loans of a financial and operational nature with various other entities,
  - bank overdrafts,
  - taxes and social security owed.

3.3.10 Accruals – Liabilities

Accrual accounts on the liabilities side correspond mainly to the amortisation of differences on bond redemption prices.

3.4 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 at 31.12.2018	Transfers inclusions/removals	Inclusions/ contributions to amortisation	Removals/ write-backs of reserves	Amount at 31.12.2019
Gross values[1]	120,068	5,889		1,069	124,888
Amortisation	109,557		3,779	2	113,334
TOTAL NET AMOUNTS	**10,511**	**5,889**	**(3,779)**	**1,067**	**11,554**

(1) Composed primarily of IT development costs.

Note 5 Investments

5.1 Land and buildings

Statement of movements during the year

(in thousands of euros)	Amount at 31.12.2018	Transfers inclusions/ removals	Inclusions during the fiscal year	Removals during the fiscal year	Amount at 31.12.2019
Gross values					
Fixed assets	134,894			101	134,793
Shares of real-estate companies	412,289		2,435	107,536	307,188
Total gross amounts	**547,183**		**2,435**	**107,637**	**441,981**
Amortisation/Impairment					
Fixed assets	10,297		1,521	48	11,770
Shares of real-estate companies	46				46
Total amortisation	**10,343**		**1,521**	**48**	**11,816**
TOTAL NET AMOUNTS	**536,840**		**914**	**107,589**	**430,165**

5.2 Investments in affiliated companies and in companies with which there is an equity tie

Summary table

(in thousands of euros)	Gross amount at 31.12.2018	Transfers in	Transfers out	Inclusion during the fiscal year	Removal during the fiscal year	Gross amount at 31.12.2019
Gross values						
Equities and similar instruments						
Affiliated companies	6,910,329			802,961	1,464	7,711,826
Companies with which there is an equity tie	1,742			300		2,042
Loans and receivables						
Affiliated companies	1,366,225			4,210		1,370,435
Companies with which there is an equity tie						
Cash deposits with ceding entities	889,366			1,842	18,015	873,193
Total gross amounts	**9,167,662**			**809,313**	**19,479**	**9,957,496**
Reserves						
Equities and similar instruments						
Affiliated companies	30,973			191,327	17,709	204,591
Companies with which there is an equity tie	321			7		328
Loans and receivables						
Affiliated companies						
Companies with which there is an equity tie						
Cash deposits with ceding entities						
Total reserves	**31,294**			**191,334**	**17,709**	**204,919**
TOTAL NET AMOUNTS	**9,136,368**			**617,979**	**1,770**	**9,752,577**

EQUITIES AND SIMILAR INSTRUMENTS

The main changes in equities during the fiscal year mainly concerned the dividend payment in shares of GHFP for €734.5 million.

In addition, Groupama Assurances Mutuelles subscribed to the capital increases of Cofintex 17 (which owns 35% of Compagnie Financière d’Orange Banque) for €65.5 million and Groupama Campus for €2.8 million.

Allowances for long-term impairment relate in particular to Cofintex 17 for -€191.1 million.

Reserve write-backs mainly pertain to Groupama China for €11.5 million, Groupama Épargne Salariale for €4.8 million, and Groupama Vietnam for €0.7 million.

LOANS

The change in loans and advances granted by Groupama Assurances Mutuelles pertains to a loan to Groupama Zhivotozastrahovane for €4.2 million.

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 at 31.12.2018	Transfers in	Transfers out	Inclusions during the fiscal year	Removals during the fiscal year	Amount at 31.12.2019
Gross values						
Fixed-income bonds and mutual funds	1,459,075			181,321	53,137	1,587,259
Variable-income equities and mutual funds	27,335			(4,239)	1,069	22,027
Cash mutual funds	812,293			2,213,495	2,499,763	526,025
Other	280,994			288,785	149,273	420,506
Total gross amounts	**2,579,697**			**2,679,362**	**2,703,242**	**2,555,817**
Reserves						
Fixed-income bonds and mutual funds						
Variable-income equities and mutual funds	1,888				741	1,147
Total reserves	**1,888**				**741**	**1,147**
TOTAL NET AMOUNTS	**2,577,809**			**2,679,362**	**2,702,501**	**2,554,670**

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, long-term impairment is assumed for listed, variable-return securities, particularly:

- if there was a long-term provision for an investment line in the previous published statement;
- if the investment has consistently shown a significant unrecognised loss from its book value over a period of six consecutive months prior to closing;
- there are objective indicators of long-term impairment.

For fiscal year 2019, 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.

5.4 Summary table of investments

31 December 2019 *(in thousands of euros)*	Line F0501	Gross value N	Net value N	Sale Value
1.Property investments				
a) Land and buildings		**441,981**	**430,165**	**610,986**
ii. Shares of unlisted property companies	R0070	39,826	39,826	71,365
iii. Developed properties excluding operating properties	R0080	104	57	332
iv. Units and shares of unlisted real estate companies excluding operating properties	R0090	262,091	262,045	288,874
v. Operating properties (developed properties and shares of unlisted real estate companies)	R0100	139,960	128,237	250,415
TOTAL PROPERTY INVESTMENTS		**441,981**	**430,165**	**610,986**
2. Equities, units and other variable-return securities				
a) Equities, units and other variable-return securities in non-equity-linked entities or affiliates		**1,529,644**	**1,528,497**	**1,544,635**
i. Listed equities and securities	R0210	6,804	6,618	6,544
ii. Mutual fund shares and units holding exclusively fixed-income securities	R0190	981,592	981,592	978,548
iii. Shares and units of other mutuals funds	R0200	539,616	539,616	558,872
iv. Unlisted shares and securities	R0220	1,632	671	671
b) Equities, units and other variable-return securities in affiliates		**7,711,826**	**7,507,236**	**9,500,915**
ii. Unlisted shares and securities	R0250	7,711,826	7,507,236	9,500,915
c) Equities, units, and other variable-return securities in equity-linked entities		**2,043**	**1,714**	**8,995**
ii. Unlisted shares and securities	R0280	2,043	1,714	8,995
TOTAL EQUITIES, UNITS, AND OTHER VARIABLE-RETURN SECURITIES		**9,243,513**	**9,037,447**	**11,054,545**
3. Other investment securities				
a) Other investment securities excluding investments in equity-linked entities or affiliates		**1,026,174**	**1,022,397**	**1,054,732**
i. Bonds, negotiable debt securities, and fixed-income securities		605,668	601,891	634,226
■ Listed bonds:		605,668	601,891	634,226
Bonds and other securities issued or guaranteed by an OECD member State	R0330	204,840	202,177	219,219
Bonds, shares of mutual debt funds, and participating shares traded on a recognised market other than those referred to above	R0350	400,828	399,714	415,007
■ Unlisted bonds		0	0	0
■ Negotiable debt securities and treasury bills		0	0	0

31 December 2019 *(in thousands of euros)*	Line F0501	Gross value N	Net value N	Sale Value
ii. Loans		1,868	1,868	1,868
■ Other loans		1,868	1,868	1,868
Secured loans	R0490	1,868	1,868	1,868
iii. Deposits with credit institutions	R0520	237,000	237,000	237,000
iv. Other investments		181,638	181,638	181,638
■ Deposits and guarantees	R0540	53,660	53,660	53,660
■ Securities provided as collateral with transfer of ownership for transactions on financial futures	R0570	127,978	127,978	127,978
c) Other investment securities in affiliates		**2,243,628**	**2,243,628**	**2,243,628**
ii. Loans	R0730	1,370,435	1,370,435	1,370,435
v. Receivables for cash deposited with ceding companies	R0760	873,193	873,193	873,193
TOTAL OTHER INVESTMENT SECURITIES		**3,269,802**	**3,266,025**	**3,298,360**

(1) Including premium/discount.

Note 6 Share of outward reinsurance and retrocessionaires in technical reserves

	31.12.2019				31.12.2018			
(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	6,210	1,213		7,424	5,629	583		6,213
Reserves for claims:	92,538	464,297	378,104	934,939	106,891	422,913	371,808	901,613
Profit-sharing reserves								
Equalisation reserves:	1,302		4,370	5,673	1,371		3,652	5,022
Other technical reserves:	1,944	202,196		204,139	5,953	198,637		204,590
TOTAL	**101,994**	**667,706**	**382,475**	**1,152,174**	**119,845**	**622,133**	**375,460**	**1,117,438**

(1) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing (CDA).

Note 7 Receivables

(in thousands of euros)	31.12.2019 Maturity <1 year	1 to 5 years	>5 years	Total	31.12.2018 Maturity <1 year	1 to 5 years	>5 years	Total
Receivables net of impairments								
Receivables relating to direct insurance operations	**2,805**	**1,964**		**4,770**	**4,574**	**10,330**		**14,904**
Earned unwritten premiums	(3,873)			(3,873)	(2,596)			(2,596)
Other receivables relating to insurance operations								
direct insurance transactions:	6,679	1,964		8,643	7,170	10,330		17,500
Policyholders	1			1	1,441	3,148		4,589
Insurance intermediaries	79			79	56			56
Co-insurers	6,599	1,964		8,563	5,673	7,182		12,855
Other third parties								
Receivables relating to reinsurance transactions	**343,934**	**57,562**	**0**	**401,497**	**365,783**	**6,358**		**372,141**
Reinsurers	94,931	607		95,538	93,824	(2,450)		91,374
Ceding entities	249,004	56,955	0	305,959	271,959	8,808		280,767
Other receivables	**272,944**	**13,831**		**286,775**	**158,328**			**158,328**
Personnel	415			415	1,668			1,668
Government, Social Security, and local authorities	10,943			10,943	86,322			86,322
Other debtors	261,586	13,831		275,417	70,338			70,338
TOTAL RECEIVABLES	**619,684**	**73,357**	**0**	**693,041**	**528,685**	**16,688**		**545,373**

Note 8 Accruals – Assets

(in thousands of euros)	31.12.2019	31.12.2018
Accrued interest not yet due	24,208	26,277
Deferred acquisition costs	3,780	3,588
Reimbursement price differences receivable	1,806	1,617
Other accruals	162,355	116,487
TOTAL ASSET ACCRUALS	**192,149**	**147,969**

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

(in thousands of euros)	31.12.2018	Allocation of 2018 income		Other change in the fiscal year	Income (Loss) for the fiscal year	31.12.2019
		Income (Loss)	Dividends			
Group's equity						
Initial capital	**3,617,879**					**3,617,879**
Share capital						
Issue premiums						
Merger premiums						
Contribution premiums						
Conversion difference	(393,043)			40,000		(353,043)
Subtotal: Additional paid-in capital	**(393,043)**			**40,000**		**(353,043)**
Capitalisation reserve						
Other reserves						
Subtotal: Other reserves						
Retained earnings		**165,302**	**(14,002)**	**(40,000)**		**111,300**
Net income for fiscal year	**165,302**	**(165,302)**			**325,702**	**325,702**
TOTAL	**3,390,138**		**(14,002)**		**325,702**	**3,701,838**

Note 10 Subordinated debt

Subordinated liabilities, which stood at €2,729.5 million at 31 December 2019, is detailed as follows:

- 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;
- redeemable subordinated bonds (TSR) issued in September 2019 at a fixed rate of 2.125% with a ten-year maturity and a nominal value of €500 million, the redeemable subordinated bonds issued in October 2009 at a fixed rate of 7.875% having been fully redeemed on 27 October 2019.
- 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 paid off at 31 December 2019 is €10.8 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

11.1 Breakdown of gross technical reserves

(in thousands of euros)	31.12.2019				31.12.2018			
	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	11,236	201,263	147,483	359,982	10,214	190,110	142,920	343,244
Reserves for claims	228,864	3,197,979	1,292,570	4,719,413	324,382	2,732,436	1,303,900	4,360,718
Reserves for profit-sharing			244	244			196	196
Equalisation reserves	2,607	87,170	49,832	139,609	2,750	68,817	51,895	123,462
Other underwriting reserves	66,846	972,626	100,271	1,139,742	89,693	935,995	103,649	1,129,337
TOTAL	**309,553**	**4,459,038**	**1,590,400**	**6,358,990**	**427,039**	**3,927,358**	**1,602,560**	**5,956,958**

(1) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.

MEASUREMENT OF RESERVES FOR INSURED BUT NOT REPORTED (IBNR)

The outstanding claims reserve totalled €4,719 million at 31 December 2019. 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 €394.5 million at 31 December 2019 (including €275.8 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 0.34% (75% TME). Actuarial reserves for increasing risks, covering future claims (likely current value of the insurer's and policyholders' commitments), have been determined on the basis of experience data on the long-term care portfolio – rate of beneficiary deaths, differentiated impact per product and continued long-term care – and a technical rate of 0.90% intended to reflect the current financial environment. An annual test of sufficiency of long-term care reserves is performed. In particular, it incorporates any anticipated price revisions.

EQUALISATION RESERVES

Groupama Assurances Mutuelles recorded an allowance for equalisation reserves of €15.7 million as of 31 December 2019 as well as a stability fund reserve allowance of €0.7 million.

11.2 Change over the past five years in claims regulations applied since its inception and reserves for claims pending settlement

CHANGE IN ACCRUED PREMIUMS AND CLAIMS

The data presented below correspond to changes in the following portfolios:

- inward reinsurance from regional mutuals;
- run-off business;
- other inward reinsurance.

	Fiscal years					
(in thousands of euros)	2014 and earlier	2015	2016	2017	2018	2019
Estimate of the claims expense:						
at end of N	23,422,698	1,329,591	1,872,609	1,927,798	1,942,129	2,048,813
at end of N+1	23,453,501	1,270,869	1,746,946	1,992,447	1,906,304	
at end of N+2	23,363,310	1,375,629	1,638,044	1,990,564		
at end of N+3	23,376,035	1,365,828	1,602,300			
at end of N+4	23,299,808	1,380,781				
at end of N+5	23,305,991					
Claims expense (a)	**23,305,991**	**1,380,781**	**1,602,300**	**1,990,564**	**1,906,304**	**2,048,813**
Cumulative claims payments (b)	**21,950,943**	**1,189,876**	**969,128**	**1,452,897**	**1,262,114**	**760,880**
Outstanding claims reserves (a)-(b)=(c) (net of the retained share of the CDA)	**1,355,048**	**190,905**	**633,172**	**537,666**	**644,190**	**1,287,933**
Earned premiums	**28,654,370**	**2,183,898**	**2,199,955**	**2,660,499**	**2,689,220**	**2,723,276**
CLAIMS RATIO	**81.33%**	**63.23%**	**72.83%**	**74.82%**	**70.89%**	**75.23%**

11.3 Change in opening claims reserves

Liquidation of claims reserves gross of reinsurance

(in thousands of euros)	2019	2018
Opening claims reserves net of expected recoveries	4,262,830	4,321,588
Payments made during the year for previous years net of expected recoveries	(815,879)	(1,040,894)
Closing claims reserves net of expected recoveries	(3,348,940)	(3,110,918)
SURPLUS/DEFICIT	**98,011**	**169,777**

The opening surplus posted in 2019 on claims reserves totalled €98.0 million. It consists mainly of a surplus on accepted risks on the inward reinsurance portfolio of subsidiaries and profit centres for €93.9 million.

Note 12 Reserves (other than underwriting)

(in thousands of euros)	Reserves at 31.12.2018	Increase in reserves during the fiscal year	Write-backs for the year	Reserves at 31.12.2019
Regulatory reserves				
Reserves for pensions and similar obligations	48,583	42,121	48,583	42,121
Tax reserves				
Other contingent liabilities reserves	26,568	3,845	6,585	23,828
Other reserves for charges				
TOTAL	**75,151**	**45,966**	**55,168**	**65,949**

"Reserves (other than underwriting)" on the liabilities side of the balance sheet for €65.9 million as of 31 December 2019 particularly includes reserves for pensions and similar commitments, which includes a reserve related to pension commitments for current employees and former employees of subsidiaries taken over (SMDA).

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

	31.12.2019				31.12.2018			
	Maturity				Maturity			
(in thousands of euros)	<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	**3,019**	**75**		**3,094**	**3,428**			**3,428**
Policyholders	77			77	80			80
Insurance intermediaries					34			34
Co-insurers	2,943	75		3,017	3,314			3,314
Other third parties								
Debts relating to reinsurance transactions	**148,782**	**59,366**	**32**	**208,180**	**259,010**	**10,741**		**269,751**
Reinsurers	98,365	55,752		154,117	166,715	10,672		177,387
Ceding entities	50,417	3,614	32	54,063	92,295	69		92,364
Other intermediaries								
Bonds (including convertible bonds)	**481,989**	**113,662**		**595,651**	**85,290**	**482,640**		**567,930**
Debt to credit institutions								
Other liabilities	**989,752**			**989,752**	**964,814**			**964,814**
Other loans, deposits and guarantees received	729,415			729,415	699,561			699,561
Personnel, social security institutions and local authorities	39,413			39,413	40,342			40,342
Government, Social Security	63,561			63,561	33,979			33,979
Other creditors	157,363			157,363	190,932			190,932
TOTAL	**1,623,542**	**173,103**	**32**	**1,796,678**	**1,312,542**	**493,381**		**1,805,923**

Note 14 Accruals – Liabilities

(in thousands of euros)	31.12.2019	31.12.2018
Deferred amortisation on reimbursement price	7,092	6,157
Other accruals	4,294	1,422
TOTAL ACCRUED LIABILITIES	**11,386**	**7,579**

Note 15 Assets and liabilities concerning related companies and equity-linked companies

Cash and receivables

	31.12.2019				31.12.2018			
(in thousands of euros)	Related companies	Equity-linked companies	Other	Total	Related companies	Equity-linked companies	Other	Total
A) Assets								
Intangible assets	**11,554**			**11,554**	**10,511**			**10,511**
Investments								
Property	307,142		123,023	430,165	411,841	402	124,597	536,840
Shares & other variable-income securities	7,507,235	1,714	1,528,496	9,037,445	6,879,356	1,421	1,819,333	8,700,110
Bonds & other fixed-income securities			605,668	605,668			477,483	477,483
Loans	1,370,435		1,868	1,372,303	1,366,225		2,038	1,368,263
Deposits with other credit institutions								
Other investments			418,639	418,639			278,954	278,954
Receivable cash at ceding entities	846,664		26,529	873,193	857,725		31,641	889,366
Investments in unit-linked policies								
Reinsurer share of underwriting reserves								
Unearned premiums (non-life)	7,424			7,424	6,213			6,213
Prov. Claims reserves (non-life)	437,209		497,730	934,939	432,508		469,105	901,613
Share of earnings and dividends (non-life)								
Equalisation reserves	5,596		77	5,673	4,951		71	5,022
Other underwr. reserves (non-life)	2,025		202,114	204,139	6,035		198,555	204,590
Share of agencies exempt from approval								
Receivables from direct insurance transactions								
Of which policyholders	(4,480)		608	(3,872)	(3,236)		5,228	1,992
Of which insurance intermediaries			79	79			56	56
Of which other third parties			8,563	8,563			12,855	12,855
Receivables from reinsurance operations	**164,971**	**28,251**	**208,275**	**401,497**	**136,898**		**235,244**	**372,142**
Personnel			**415**	**415**			**1,668**	**1,668**
Government, Social Security and local authorities			**10,943**	**10,943**			**86,322**	**86,322**
Other debtors	**189,674**	**205**	**85,538**	**275,417**	**33,288**	**285**	**36,765**	**70,338**
Tangible operating assets			**489**	**489**			**1,834**	**1,834**
Cash and equivalents		**25,468**	**515**	**25,983**		**50,760**	**1,058**	**51,818**
Interest & lease payments written and not due			**24,208**	**24,208**			**26,277**	**26,277**
Deferred acquisition costs	**3,403**	**251**	**126**	**3,780**	**3,156**		**432**	**3,588**
Other accruals – assets			**164,161**	**164,161**	**21,489**		**96,615**	**118,104**
Unrealised foreign exchange adjustments								
TOTAL	**10,848,852**	**55,889**	**3,908,064**	**14,812,805**	**10,166,960**	**52,868**	**3,906,131**	**14,125,959**

Liabilities and commitments

(in thousands of euros)	31.12.2019 Related companies	31.12.2019 Equity-linked companies	31.12.2019 Other	31.12.2019 Total	31.12.2018 Related companies	31.12.2018 Equity-linked companies	31.12.2018 Other	31.12.2018 Total
B) Liabilities								
Group's equity	**3,701,838**			**3,701,838**	**3,390,138**			**3,390,138**
Share capital/initial capital	3,617,879			3,617,879	3,617,879			3,617,879
Other shareholders' equity	83,959			83,959	(227,741)			(227,741)
Subordinated liabilities			**2,729,538**	**2,729,538**			**2,732,516**	**2,732,516**
Gross technical reserves								
Unearned premiums (non-life)	355,872		4,110	359,982	339,218		4,026	343,244
Claims reserves (non-life)	4,278,282	192,551	248,580	4,719,413	3,917,236		443,483	4,360,719
Share of earnings and dividends (non-life)	244			244	196			196
Equalisation reserves	128,414		11,195	139,609	113,550		9,911	123,461
Other techn. reserves (non-life)	1,129,764	9,577	401	1,139,742	1,121,526		7,811	1,129,337
Contingent liabilities			**65,949**	**65,949**			**75,152**	**75,152**
Debts for cession. cash			**148,426**	**148,426**			**157,693**	**157,693**
Debts from direct insurance transactions								
Owed to policyholders			77	77			80	80
Owed to insurance intermediaries							34	34
Owed to other third parties			3,017	3,017			3,314	3,314
Debts from reinsurance transactions	**52,636**	**4,962**	**150,582**	**208,180**	**121,023**		**148,728**	**269,751**
Bond debt	**595,651**			**595,651**	**567,930**			**567,930**
Debts to credit establishments								
Other debts								
Other loans, deposits and guarantees received	**515,080**		**214,335**	**729,415**	**532,171**		**167,390**	**699,561**
Personnel			**39,414**	**39,414**			**40,342**	**40,342**
Government, Social Security and local authorities			**63,561**	**63,561**			**33,979**	**33,979**
Other creditors	**51,406**	**41**	**105,916**	**157,363**	**118,463**	**30**	**72,440**	**190,933**
Accruals – liabilities			**11,386**	**11,386**			**7,579**	**7,579**
Unrealised foreign exchange adjustments								
TOTAL	**10,809,187**	**207,131**	**3,796,487**	**14,812,805**	**10,221,451**	**30**	**3,904,478**	**14,125,959**

Note 16 Commitments received and given

Commitments received

The €2.1 million in commitments received mainly corresponds to:

- a joint and several guarantee for €1.7 million received with respect to the commitment made for the Groupama Health Foundation;
- various other commitments received for €0.4 million concerning affiliated companies or equity-linked companies.

Commitments given

The €582.8 million of commitments given by Groupama Assurances Mutuelles correspond mainly to:

- commitments on unlisted funds of €11.2 million;
- a total of €80.9 million of guarantees on liabilities granted along with the sale of Groupama Seguros;
- 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 €334.7 million;
- securities pledged to Allianz for €29.1 million;
- guarantees granted as part of the contribution of Groupama Banque securities to Compagnie Financière d'Orange Bank for €75 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 €22.9 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 €3.5 million;
- guarantees given to secure the commitments of Société de gestion de l'Echappée to the Union Cycliste Internationale (UCI) World Team for €1.5 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;
- 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.
- various other commitments given for €1.9 million, including €1.5 million concerning affiliated companies or equity-linked companies.

The commitments received for reinsurance totalling €388.8 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 €297.1 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 €91.7 million held in custody.

Long-term financial instruments outstanding

The outstanding long-term financial instruments of Groupama Assurances Mutuelles amounted to €467.3 million, corresponding to the establishment of swaps to hedge the entire Zen structured bond issue for €467.3 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 letter of intent written by Groupama Assurances Mutuelles to the Comité des Établissements 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.;
- certain specific guarantees granted during the sale of Gan Eurocourtage's brokerage portfolio to Allianz;
- fundamental and specific guarantees granted during the contribution of securities from Groupama Banque to Compagnie Financière d'Orange Bank;
- 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

(in thousands of euros)	31.12.2019 RUN-OFF and CDA	31.12.2019 Inward reinsurance	31.12.2019 Total	31.12.2018 RUN-OFF and CDA	31.12.2018 Inward reinsurance	31.12.2018 Total
Earned premiums	81,741	2,767,976	2,849,717	75,177	2,668,499	2,743,676
Claims expense	26,330	1,990,279	2,016,610	(50,011)	1,886,259	1,836,248
Charges from other technical reserves	22,847	(33,298)	(10,452)	6,734	31,483	38,217
Change in the equalisation reserve	143	(16,291)	(16,147)	195	74,069	74,264
Profit sharing	0	0	0	0	0	0
A- Underwriting result	**78,400**	**728,108**	**806,508**	**132,117**	**887,791**	**1,019,908**
Acquisition costs	500	351,205	351,705	716	351,127	351,843
Administrative costs	0	227,978	227,978	0	211,771	211,771
Other technical costs and income	(806)	192,887	192,081	(2,745)	150,233	147,488
B- Net acquisition and management expenses	**(306)**	**772,070**	**771,764**	**(2,029)**	**713,132**	**711,103**
C- Allocated investment income	**0**	**279,442**	**279,442**	**0**	**57,405**	**57,405**
D- Reinsurance result	**29,806**	**121,779**	**151,585**	**105,835**	**200,645**	**306,480**
OPERATING PROFIT/LOSS (A-B+C-D)	**48,901**	**113,701**	**162,601**	**28,311**	**31,419**	**59,731**

Note 18 Investment income and expenses

Type of income *(in thousands of euros)*	31.12.2019 Related companies	31.12.2019 Equity-linked companies	31.12.2019 Other origins	31.12.2019 Total	31.12.2018 Related companies	31.12.2018 Equity-linked companies	31.12.2018 Other origins	31.12.2018 Total
Investment income								
Income from investments	**844,409**	**1,874**	**17,242**	**863,525**	**276,192**	**960**	**19,028**	**296,180**
Investment income	831,088	1,874		832,962	239,895	960		240,855
Income from real estate investments	12,804		20	12,824	36,034		17	36,051
Income from other investments	517		17,222	17,739	263		19,011	19,274
Other financial income								
Other investment income	20,516	63	44,578	65,157	52,481	64	13,933	66,478
Profits on the sale of investments		243	12,816	13,059		1,416	3,424	4,840
Total investment income	**864,925**	**2,180**	**74,636**	**941,741**	**328,673**	**2,440**	**36,385**	**367,498**
Investment Expenses								
Internal and external investment management costs and financial expenses	56,839	236	174,941	232,016	24,595	185	170,220	195,000
Other investment expenses	191,345	7	20,275	211,627	5,822	26	18,397	24,245
Losses on the sale of investments	262		8,191	8,453	40,312	96	9,275	49,683
Total investment expenses	**248,446**	**243**	**203,407**	**452,096**	**70,729**	**307**	**197,892**	**268,928**
NET INVESTMENT INCOME	**616,479**	**1,937**	**(128,771)**	**489,645**	**257,944**	**2,133**	**(161,507)**	**98,570**

The increase in "Investment income" comes from an increase in dividend distributions in 2019 from subsidiaries.

"Other investment expenses" and "Other investment income" include allowances net of writebacks for reserves for long-term impairment for -€173.1 million at 31 December 2019 *versus* a net writeback of €44.8 million in 2018.

Note 19 Other non-technical income and expenses

Other non-underwriting expenses of -€18.2 million mainly consist of general expenses broken down by budget control.

Note 20 Extraordinary income and expenses

The 2019 extraordinary result presents an expense of -€21.3 million, primarily made up of subsidies granted to Group's entities to fund major programmes for -€24.7 million.

Note 21 Income tax

Tax charge

(in thousands of euros)	31.12.2019	31.12.2018
Corporate income tax payable	(267,549)	(28,738)
Reserves linked to fiscal consolidation gains in year N	275,755	142,236
Other	(15,850)	(16,087)
TOTAL INCOME TAX	**(7,645)**	**97,411**

Specific nature and make-up of the "Corporate income tax" line

As at 31 December 2019, the "income tax" line includes a net tax credit of €7.6 million that breaks down as follows:

- tax consolidation income: €289.0 million;
- tax consolidation expenses: -€29.1 million;
- Group corporate tax expense: -€267.5 million.

The "income tax" item consists of taxable income posted to individual tax income for the year from consolidated subsidiaries totalling €275.7 million.

The tax consolidation group generated a taxable profit of €775.7 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 €267.5 million: €258.5 million for corporate tax at the ordinary rate and €8.5 million for the 3.3% social contribution.

Tax loss carry-forwards

At 31 December 2019, 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)	31.12.2019	31.12.2018
Salaries	77,244	69,552
Social Security charges	31,148	31,278
Other	8,621	6,271
TOTAL	**117,013**	**107,101**

These figures correspond to the de facto Groupama Assurances Mutuelles grouping after allocation to each of its constituents. In 2019, the average rate of expenses of the Group kept by Groupama Assurances Mutuelles is 73.2%.

Note 23 Workforce

Employees

Total number	31.12.2019	31.12.2018
Senior management	131	142
Executives	981	920
Non-managerial staff	165	171
TOTAL EMPLOYEES	**1,277**	**1,233**

Note 24 Directors' compensation

At 31 December 2019, the gross annual remuneration (including benefits in kind) paid to members of the Groupama Assurances Mutuelles Management Committee was €7.0 million. As regards the supplementary pension commitments for these members to date, the total commitment at 31 December 2019 amounted to €22.4 million.

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's capital subject to publication:	Proportion of Capital held at 31.12.2019	Book value of securities held as at 31.12.2019		Premium income of the last fiscal year	Income (Loss) of the last fiscal year
		Gross	Net		
Subsidiaries (more than 50% owned)					
COFINTEX 2 8/10, rue d'Astorg 75008 Paris	84.00%	222,656	222,656	0	27,057
GROUPAMA AVIC PROPERTY INSURANCE South Section – 16th floor – Sichuan Investment Tower N.112, Rue Tiantai – Hi-Tech Zone China Free Trade Area (Sichuan) 610041 Chengdu CHINA	50.00%	63,526	63,526	284,074	2,130
GROUPAMA HOLDING FILIALES ET PARTICIPATIONS 8/10, rue d'Astorg 75008 Paris	100.00%	7,028,339	7,028,339	0	(293) 657
COFINTEX 17 8/10, rue d'Astorg 75008 Paris	91.48%	331,497	140,390	0	(205) 136
Stakes held between 10 & 50%					
COMPAGNIE FONCIÈRE PARISIENNE 124, rue des Trois-Fontanot 92000 Nanterre	32.75%	151,873	151,873	17,382	62,562

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	7,616,169	7,424,796	150,818	233	756,730
Foreign	19,193	11,418	0	0	0
Equity interests:					
French	213,612	210,147	103,815	0	12,606
Foreign	63,989	63,661	0	0	0

(1) Including SCI results.

Note 27 Consolidation

Groupama Assurances Mutuelles prepares:

- consolidated financial statements incorporating 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 tanslation 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 2019)

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

MAZARS
Tour Exaltis
61, rue Henri Regnault
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 2019, as attached to this report. These financial statements were approved by the Board of Directors on 12 March 2020 on the basis of the information available as of that date in an evolving context of the COVID-19 health crisis.

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 2019 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 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, approved under the conditions recalled above, 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.

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 2019 for €4,719 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.

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 2019 for €9,753 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.

SPECIFIC VERIFICATIONS

In accordance with the professional standards applicable in France, we also performed the specific verifications required by the applicable laws and regulations.

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 approved on 12 March 2020 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. With regard to events occurring and items learned after the reporting date relating to the effects of the COVID-19 crisis, management informed us that they will be communicated to the general meeting convened to approve the financial statements.

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 29 May 2017.

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 2019, PricewaterhouseCoopers Audit was in the 21st year of its mission without interruption, and Mazars was in its 20th 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, 27 March 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Mazars	
Christine Billy	Pascal Parant	Nicolas Dusson

LEGAL INFORMATION

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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 entered in the Paris trade and companies register under number 343 115 135. Its LEI code is 969500P4HYOPYINEPE06.

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:

- 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.

8.1.2.1 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, France.

It may be relocated to any other place within the same *département* or to a neighbouring *département* by decision of the Board of Directors, provided such decision is approved by the next Ordinary General Meeting.

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.

  Where Directors representing a member mutual who lose the status of Chairman of the Board of Directors of their mutual, their 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 (65^{th}) 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 1^{st} 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 1^{st} 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 trade unions.

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 submitted by itself or its Chairman, 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 oard

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-Chairmen 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. By accepting his/her office, each Director agrees to abide by these internal bylaws.

On 7 June 2018, the Board of Directors of Groupama Assurances Mutuelle 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;
- 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 Directors

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 ask 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 bylaws and the 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 relevant and useful clarifications to the committee 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

The company no longer has any capital since its conversion into a mutual insurance company, a legal form without capital, and the information provided below is given as a reminder.

8.2.1 SHARE CAPITAL BEFORE CONVERSION

The share capital before the conversion resulted 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 included 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 History of the share capital over the past three years

	Position at 07.06.2018 after mergers and before conversion			Position at 07.06.2018 before mergers			Position at 31.12.2017		
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	0	0.00%	0.00%	374,939,492	92.02%	91.55%	374,932,672	92.01%	91.55%
Groupama Holding 2	0	0.00%	0.00%	32,435,200	7.96%	8.42%	32,435,200	7.96%	8.42%
Directors*	0	0.00%	0.00%	0	0.00%	0.00%	68	NS	NS
Regional mutuals	411,824,587	99.98%	99.95%	0	0.00%	0.00%	0	0.00%	0.00%
Others**	99,484	0.02%	0.05%	99,484	0.02%	0.03%	106,236	0.03%	0.03%
TOTAL	**411,924,071**	**100.00%**	**100.00%**	**407,474,176**	**100.00%**	**100.00%**	**407,474,176**	**100.00%**	**100.00%**

* *Shares lent by Groupama Holding.*

** *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

8.2.1.2 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.

8.2.1.3 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.

8.2.1.4 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.

8.2.1.5 Shares held by the Company or its subsidiaries

Not applicable.

8.2.1.6 Other equity instruments

Not applicable.

8.2.1.7 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.

8.3 PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT, FINANCIAL DISCLOSURES AND FOR AUDITING THE FINANCIAL STATEMENTS

8.3.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Thierry Martel, Chief Executive Officer of Groupama Assurances Mutuelles.

8.3.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

I hereby declare, after taking every reasonable measure for this purpose, that the information contained in this universal 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 asset base, 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 universal registration document, with the exception of prudential information relating to solvency, which they did not review, and read the whole of the universal registration document.

Paris, 28 April 2020

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 AVAILABLE DOCUMENTS

All of the company's press releases and the annual reports containing 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 bylaws as well as the minutes of general meetings, statutory auditors' reports and parent company and consolidated financial statements can be reviewed at the company's headquarters at 8-10, rue d'Astorg – 75008 Paris, in the Legal Department.

GLOSSARY

Actuarial reserves

Sums which the insurer must record as liabilities on its balance sheet, corresponding to its commitments to policyholders.

On a like-for-like basis

On a like-for-like basis means that the information related to the period of the relevant fiscal year are adjusted using the exchange rate applicable for the same period of the previous fiscal year (constant exchange rate), eliminating the income from acquisitions, disposals and changes in scope of consolidation (constant scope) and cancelling changes in accounting methods (constant methodology) in one of the two periods compared.

Combined ratio

The combined ratio of Groupama SA is the ratio:

- of the total claims expense net of reinsurance and operating costs;
- to the premiums earned net of reinsurance.

Duration

The duration of a bond corresponds to the average duration of the funds generated by it weighted by their current values. On this order of magnitude, the value of the bond can be understood in terms of its sensitivity to conversions in the yield curve by extension, any flow sequence can be calculated, particularly those related to insurance liabilities based on projections of such flows.

Economic operating profit

Groupama SA's economic operating profit corresponds to the net profit, including any capital gains or losses on the share going to the shareholder, variations in fair value and one-time activities, net of corporate income tax.

Group insurance

A category of insurance allowing a legal entity called an underwriter to underwrite a policy with an insurance company for the purpose of having a group of persons join who are united by similar ties.

Guaranteed rates policy

Policy under which the insurer promises under contract to pay interest on the capital built up at a certain rate.

Individual insurance

A category of life and health insurance under which an individual can take out an insurance policy (death, life) with an insurance company.

Life and health insurance

Policies covering a personal risk. These policies include life and death insurance but also all risks affecting the physical integrity of the person due to accident or illness (disability, long-term care, healthcare reimbursement costs, etc.).

Long-term care policy

Policy designed to cover the risk of the loss of independence by the elderly.

Multi-vehicle policy

Insurance policy whose redemption value or the service paid by the insurer is denominated in euros and unit-linked assets The policyholder (or member) generally has a choice of currency in which he wishes to invest his premiums (in euros or in unit-linked assets) and may, depending on the possibilities provided under the policy, request that the initial choice be changed (arbitrage).

Policy in euros

Policy under which the redemption value or the service paid by the insurer are denominated in euros.

Profit-sharing

In life insurance and capitalisation, insurance companies include their policy-holders in their earnings by redistributing them.

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 DELEGATED REGULATION (EU) N° 2019/980

This table of concordance contains the headings provided for in Annexes I and II to Delegated Regulation (EU) 2019/980 of 14 March 2019 and refers to the pages of this Universal Registration Document where the information relating to each of these headings is mentioned.

CONCORDANCE TABLE WITH THE DISCLOSURES REQUIRED IN THE ANNUAL FINANCIAL REPORT

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