

GROUPAMA ASSURANCES MUTUELLES

2020

UNIVERSAL REGISTRATION DOCUMENT

Including the annual financial report



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UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

2020



This universal registration document was filed on 23 April 2021 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.

If referred to a website in this Universal Registration Document, the content of this website is not part of the universal registration document. Except for information, documents and other elements expressly incorporated by reference in this universal registration document, no information, document or element from the Company's website (www.groupama.com) or from any other source forms part of this universal registration document.

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.

OVERVIEW OF THE GROUP

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

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

Prior to this conversion:

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

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

In connection with this conversion, the Group has defined its purpose ⁽¹⁾, 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.

In 2020, the Group committed to a definitive phase-out of thermal coal in its investment portfolios, by 2030 at the latest for corporate issuers in European Union and OECD countries.

On 11 June 2020, Groupama announced the launch with Vinci of the construction of The Link, Total's future headquarters in Paris La Défense. The planning and work are expected to take five years. At the end of this period, Total will take delivery of the property and will be a tenant of The Link for a renewable term of 12 years.

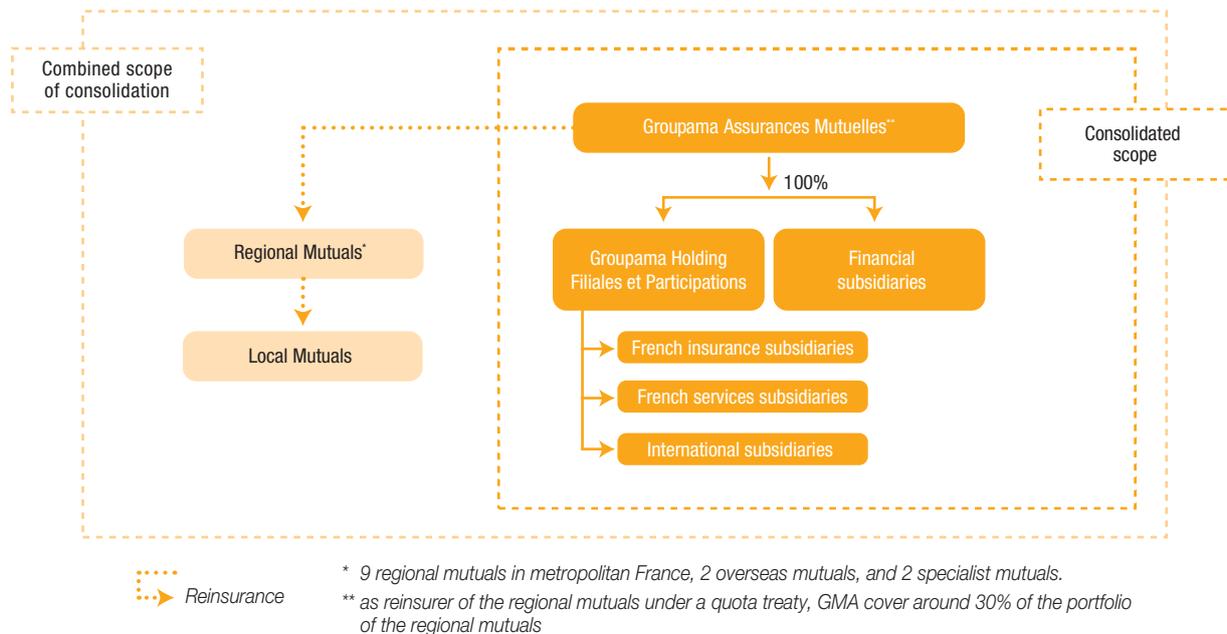
(1) This purpose is outside the statutes and must therefore not be understood within the meaning of Article 1835 of the French Civil Code.

OVERVIEW OF THE GROUP

Organisation of the Group and Groupama Assurances Mutuelles

1.2 ORGANISATION OF THE GROUP AND GROUPAMA ASSURANCES MUTUELLES

SIMPLIFIED LEGAL ORGANISATION CHART



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 (31,500 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 (2,750), 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

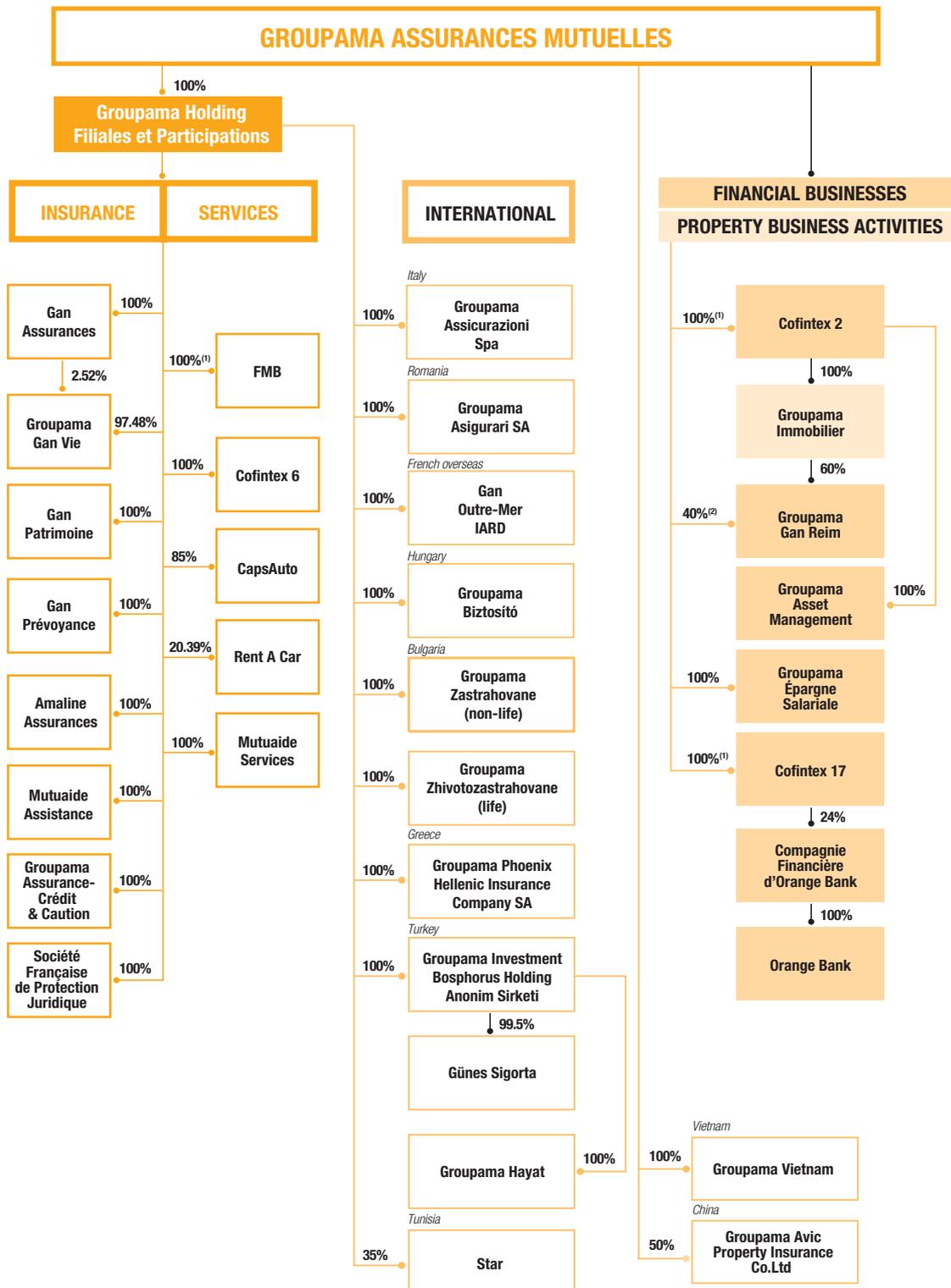
the activity of the regional mutuals, which is captured by the Internal Reinsurance mechanism.

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 2020



(1) Directly and indirectly.

(2) Indirectly by Groupama Gan Vie.

A more exhaustive list of the Group's main subsidiaries is presented in Note 50 to the consolidated accounts.

OVERVIEW OF THE GROUP

Key figures

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 45 – 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 2018, 2019, and 2020. 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)

	2020	2019	2018
Premium income/revenue ⁽¹⁾	10,628	10,658	10,649
of which France insurance	8,190	8,129	7,939
of which International insurance	2,245	2,357	2,537
of which financial and banking businesses	193	172	173
Combined non-life ratio ⁽²⁾	99.8%	98.5%	100.1%
Economic operating income ⁽³⁾	185	234	182
Net income, group share	49	104	319
Financial structure and soundness			
Group's equity	6,356	6,076	5,274
TOTAL BALANCE SHEET	95,035	93,571	88,506

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

(2) See glossary in this universal registration document (page 335).

(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.

<i>(in millions of euros)</i>	2020	2019	2018
Premium income/revenue ⁽¹⁾	14,445	14,382	14,262
of which France insurance	12,011	11,857	11,556
of which International insurance	2,245	2,357	2,537
of which financial and banking businesses	189	168	169
Combined non-life ratio ⁽²⁾	98.7%	97.0%	99.3%
Economic operating income ⁽³⁾	306	413	298
Net income, Group share	177	345	450
Financial structure and soundness			
Group's equity	10,704	10,238	8,884
Total balance sheet	104,702	102,861	96,833
Debt ratio ⁽⁴⁾	26.9%	27.2%	28.4%
Solvency 2 margin ⁽⁵⁾	244%	302%	297%
IFS Rating			
Fitch Ratings	A	A	A-

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

(2) See glossary in this universal registration document (page 335).

(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).

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

On 19 March 2020, Fitch Ratings revised Groupama's rating outlook to "Stable" and affirmed its "A" rating, to take into account both the significant uncertainty created by the global coronavirus pandemic, which led to high levels of volatility in financial markets, and "Negative" on the French life insurance sector.

On 19 May 2020, then on 29 September 2020, the agency affirmed Groupama's "A" rating and "Stable" outlook. The Fitch rating reflects Groupama's ability to maintain strong capitalisation and leverage as well as its highly robust business profile in the French insurance sector.

1.3.3 CONSOLIDATED SCOPE/COMBINED SCOPE DATA RECONCILIATION

Premium income

<i>(in millions of euros)</i>	2020	2019
Consolidated premium income/revenue	10,628	10,657
Premium income/revenue - regional mutuals	6,050	5,928
Internal transactions/operations:		
Groupama Assurances Mutuelles	(2,222)	(2,193)
Groupama Gan Vie	(8)	(8)
Groupama Asset Management	(3)	(3)
Combined premium income/revenue	14,445	14,381

Net income

<i>(in millions of euros)</i>	2020	2019
Consolidated net income	49	104
Net income - regional mutuals	150	239
Net income - Groupama Assurances Mutuelles	(22)	16
Net income - Amaline	0	(14)
Consolidated net income	177	345

1.3.4 ALTERNATIVE PERFORMANCE INDICATORS (API)

The economic operating income and the combined non-life ratio are alternative performance indicators ("API") in the light of the ESMA guidelines and the AMF position published in 2015.

These alternative performance indicators are used by the Group to analyse operational developments, the financial performance and financial situation of the Group and provide investors with additional information deemed useful and relevant with regard to the Group's results.

1.3.4.1 Definitions

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

The combined ratio is the sum of the all-years loss experience and the rate of operating costs.

The all-years net loss experience is the ratio between underwriting expenses for all years, gross of reinsurance, plus the reinsurance balance and earned premiums, gross of reinsurance.

The rate of operating costs is the ratio between operating general expenses and earned premiums, gross of reinsurance.

The combined non-life ratio relates to the non-life business.

1.3.4.2 Reconciliations

The reconciliation of economic operating income and the combined non-life ratio with the line of the financial statements of the corresponding period or its subtotal or the nearest total is presented in the tables below.

Groupama combined scope	2020	2019	2018
Economic operating income	306	413	298
Net capital gains realised ⁽¹⁾	118	354	351
Allocation to reserves for long-term impairment ⁽¹⁾	(32)	(71)	(7)
Gains or losses on financial assets recognised at fair value ⁽¹⁾	45	9	(25)
Other expenses and income	(85)	(110)	(109)
Financing expenses	(49)	(63)	(57)
Net income from discontinued business activities	0	(4)	(2)
Goodwill impairment	(125)	(183)	0
Net income	177	345	450

Consolidated scope of Groupama Assurances Mutuelles	2020	2019	2018
Economic operating income	185	234	182
Net capital gains realised ⁽¹⁾	70	297	287
Allocation to reserves for long-term impairment ⁽¹⁾	(22)	(67)	(3)
Gains or losses on financial assets recognised at fair value ⁽¹⁾	29	(9)	(2)
Other expenses and income	(38)	(102)	(86)
Financing expenses	(49)	(63)	(57)
Net income from discontinued business activities	0	(4)	(2)
Goodwill impairment	(125)	(183)	0
Net income	49	104	319

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

Groupama combined scope Non-life insurance	2020	2019	2018
All-years net loss experience	70.9%	69.5%	71.6%
Operating expense ratio	27.8%	27.5%	27.7%
Combined ratio	98.7%	97.0%	99.3%

Consolidated scope of Groupama Assurances Mutuelles Non-life insurance	2020	2019	2018
All-years net loss experience	71.1%	70.7%	72.5%
Operating expense ratio	28.6%	27.8%	27.6%
Combined ratio	99.8%	98.5%	100.1%

1.4 STRATEGY

The Groupama group's strategy is based on five pillars of long-term transformation. Bolstered in the current environment, these pillars support the achievement of our corporate purpose.

OUR CORPORATE PURPOSE

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

The Groupama group is thus demonstrating its commitment to its mutual insurance background and to the human values of solidarity, accountability, engagement, and optimism to use them in an ambitious economic venture for its members and customers to enable as many people as possible to build their lives with confidence.

Two major strategies contribute to the expression of our corporate purpose:

- › reinventing the way we help our customers build their lives with confidence;
- › becoming a centre for consolidation of mutual insurance in France.

OUR FIVE PILLARS OF TRANSFORMATION

The Group's strategic plan is based on five pillars of long-term transformation:

Pillar 1: Rekindling the customer relationship

Customer satisfaction is at the heart of the Group's concerns. It is both a mutualist requirement and a commitment from each of our companies. Ranking among the top 3 favourite insurers in France requires establishing a unique, differentiating relationship with our customers based on proactive advising. The crisis led us to make this approach a top priority in 2020. This year, 1 million calls will be made to support our customers, especially those considered particularly vulnerable to health and economic effects.

Pillar 2: Growth drivers through services

Speeding up our development in services is a priority. Our ambition is to support our customers with comprehensive service solutions to supplement our traditional insurance products and covers, like Groupama Habitat Protect remote surveillance.

Pillar 3: Groupama: a leading brand

The objective of this pillar is to promote the Groupama brand throughout our territories and to make it a true strategic financial asset. This includes improving communication around our actions on the ground by involving our networks of elected representatives and employees, who form a real community of ambassadors.

Pillar 4: Developing our industrial model to make it more efficient

The continuous improvement of our industrial model should allow the Group to control its operating costs while offering better service quality to our customers. This means greater (i) commercial efficiency with the optimisation of our distribution networks and (ii) operational efficiency with a view to simplifying and digitising operating processes while creating synergies between the Group's various companies.

Pillar 5: Mobilising talent to serve our customers and Group's transformation

To ensure that the strategic plan's implementation is a collective success, mobilising the Group's lifeblood to benefit all is essential. Every day, our energy and talent contribute to strengthening our customer-centric approach. The recent period is a perfect example: all employees stepped up by fully playing their role in uncertain circumstances, which required them to be available, responsiveness, and vigilant. This involvement enabled Groupama, an essential service operator and committed mutualist player, to hold its own by ensuring the continuity of its businesses, especially by shifting 97% of the employees to teleworking starting from the first lockdown and by continuing to deploy projects.

AN INSURANCE SECTOR IMPACTED BY THE HEALTH AND ECONOMIC CRISIS

Beyond the shock of 2020, the crisis will have a significant impact on the insurance sector in the coming years. The Groupama group is equipped to continue facing it while offering the best service quality to our customers. Our core businesses are significantly more resilient than the market, and our investments in recent years have given us substantial competitive advantages to meet the expectations and opportunities created by this crisis:

- › 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;
- › strong, complementary brands, enabling it to address all types of customers;
- › an extensive range of insurance and banking products and services, enabling it to cover all of our customers' needs;
- › an international network.

Building on its strengths, the Group has reconfirmed its long-term strategy while undertaking certain tactical efforts. The crisis has tested the robustness of our five pillars and has highlighted the

importance of (i) accelerating certain projects to achieve our ambitions:

- › strengthening the relationship of trust with our customers (quality, proactiveness, and clarity of the offered solutions);
- › accelerating the transformation and digitisation of the insurance ecosystem ("phygital" pathway, self-care);

and (ii) remaining focused on preserving the profitability of our business lines (low interest rate environment, climate change, new risks).

1.5 HUMAN RESOURCES

1.5.1 SOCIAL POLICY

To meet its strategic ambitions, improve its performance, and therefore meet the expectations of its customers, Groupama invests in people. The principles of the human resources policy are shaped by the Group's purpose, based on social responsibility and made possible by the engagement of its 30,974 employees.

As of 31 December 2020, Groupama Assurances Mutuelles and its subsidiaries had 12,717 employees.

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.

To cope with the health crisis, the Group/company cohesion has been strengthened, thanks to ongoing coordination between the HR Directors who are members of the HR Operational Committee and between those in the Paris area as well. This mobilisation made it possible in particular to provide uniform legal analyses and harmonised, equitable responses to all employees.

This teamwork and the exchange of good practices are reflected in the very heart of the HR operational activities, and much has been done since the beginning of the crisis. Beyond the digitalisation of recruitment and integration processes, the training modules were switched to remote mode, communication was significantly developed (broadcasts, podcasts, and messages from Senior Management, regular newsletters), and the early deployment of the Digital Collaborative Space solutions enabled all meetings to be held remotely.

In 2020, the consolidated companies hired 1,104 employees under permanent contracts (excluding 9 transfers and 88 secondments), including 676 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: 14.6% of new employees are under 26 years of age, 10.8% are 50 and over, and 18.3% 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, 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 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 2020, the Group also organised a fully online recruitment event campaign, "Nos Vraies Rencontres", for work/study candidates in April and for experienced candidates in June/July, serving seven companies, which attracted nearly 3,000 unique online visitors and 429 applications, ensuring high visibility even in the circumstances of this unprecedented year.

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 218,209 hits in 2020 and received 177,904 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 the Group's other companies, Groupama Assurances Mutuelles has overhauled its integration process with a one-year course offered to all new employees. The revised orientation session provides newcomers with further information about the Group and their company and creates relationships between the participants. Similarly, 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.

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It has also been deployed in other companies (Groupama Nord-Est, Groupama Loire Bretagne, Groupama Paris Val de Loire, Groupama Gan Vie, and G2S).

A similar "Welcome Back" app was used when the lockdown was lifted in May 2020 to facilitate the return of Groupama Assurances Mutuelles employees to the site, allowing everyone to access all useful data from their mobile phone: good habits to be adopted (charter of good conduct, wearing a mask, process if contamination is suspected, etc.), important information (how to access the premises or organise meetings, cleaning measures, travel, etc.), contacts (security control room, Workplace Health Department, Covid-19 coordinators, HR contacts, logistics, etc.), and FAQ. With nearly 750 downloads, it was a real success when employees returned to the site.

Mobility (geographical and/or functional) is a driving force behind the performance of the employees and the Group companies and involved more than 1,524 employees in France in 2020. The Mouvy intranet, the internal online recruitment site open to all Group employees in France, recorded 3,686 applications in 2020. A unanimously signed addendum was added to the Group agreement on inter-company transfers 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 1,396 departures of permanent employees (excluding 93 transfers), including 716 in France, which break down as follows: 37.2% resigned, 20.1% retired, 15.5% were laid off, 13.5% left during their probation period, 8.8% had contract terminations, 3.1% left under a voluntary redundancy plan, and 1.7% died in service. Outside France, 680 employees under permanent contracts left: 62.8% terminated their contract, 22.6% resigned, 10.0% were laid off, 4.4% retired, and 0.1% died in service.

As of the end of 2020, the CERH handled payroll (including withholding taxes), HR studies, time management, and administrative and reporting management for 18 entities, representing around 110,000 payslips produced per year, including 82% digitised 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 SFPJ in 2020, after integrating Mutuaide, CapsAuto, and SDGAC in 2019. The recovery in Amaline's target payroll tools will be effective starting 1 January 2021. Integrations into the CERH of the HR Studies functions of the entities continued at the rate of the resumption of the Payroll functions.

In 2020, 61,572 documents were filed through Electronic Document Management (EDM) by all the HR functions. There were 7,811 electronic signatures, 3,236 of which were amendments regarding teleworking. The HR functions use document digitisation tools on a daily basis.

The Link "payroll tool change" project began in October 2020 on the payroll scope of the nine metropolitan regional mutuals and Groupama Océan Indien with the objective of optimising IT costs (annual gain of €1.2 million), harmonising payroll rules, and sharing business line procedures.

Group training is the third component of the CERH. In 2020, the Group's companies in France invested more than 698,747 hours of training (all modes combined) for all employees, representing around 29.57 hours of training per employee. The investment represents more than €26.5 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 2020, such as the community pathways for Pros sales advisors (Synergie Formation), 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 (DCS).

For all of the Group's companies, "Mon Université" hosts all the steps of the 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.

To give meaning and to strengthen the ownership of the Group's strategic guidelines and employee participation in their operational implementation, the Vision programme continued to be deployed in 2020. The "Priorities 2021" day brought together more than 1,000 executives and Senior Managers online in September 2020, a highlight contributing to the common management culture, both by promoting achievements in the companies and sharing new ways of working and managing to serve employee engagement and recognition.

Furthermore, 31 Senior Managers attended the "Talent and Skills" training modules, and 70 future Group Directors participated in the Directors Leadership Programme, which provides them with training modules or news days to prepare them to hold strategic positions. Through the new promotion of the Executive Leadership Program, 15 leaders are expected to develop their individual and cross-functional leadership, helping them to 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.

In the particular context of 2020, the HR Operational Committee worked to build a new HR dynamic guided by three imperatives: supporting management, developing skills in a changing environment, and building a common vision of the professional world of tomorrow, able to meet individual expectations while preserving the interests and functioning of the Group.

This forward-looking work is highly consistent with the HR policy priority of working well together and ensuring a work/life balance. Although it was a massive response to the crisis with the teleworking of 97% of employees in France starting in March 2020, teleworking was already widely deployed in advance. This plan continued to grow (7 out of 9 regional mutuals, 8 subsidiaries, and the entire UES), in particular at Groupama Assurances Mutuelles: As of the end of 2017, 400 employees worked remotely. Three years later, 990 or 85% of the workforce worked remotely.

With respect to the collective wages policy, profit-sharing measures are in place in all Group companies in France. At the consolidated level, more than €27.7 million (9,328 beneficiaries) and €5.4 million (1,905 beneficiaries) respectively was paid out for profit-sharing schemes in 2020.

As such, in an economic environment that is both constrained and uncertain, the wage policy in 2020 made it possible to maintain a good level of compensation competitiveness relative to the market.

For the second consecutive year, most of the Group's entities granted "Macron bonuses". This measure covered approximately 80% of UDSG and UES staff.

In addition, in keeping with a responsible employer approach and in response to the outlook for pension plans, Groupama once again increased the employer contribution to the "1.24%" supplementary pension plan by 0.10 points, bringing it to 1.44% starting in January 2020, for an increase of 0.2 points in two years. This option was also adopted for the Gan entities, increasing the contribution to the branch plan from 1% to 1.20%. In savings/pensions, the transformation of the PERCO into PERCOL on 1 January 2020 offered the opportunity for employees to make voluntary deductible contributions from taxable income.

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). It was active in 2020, notably in the management of the health crisis, the continuation of SWP negotiations, and the signing of agreements such as the UES agreement on the right of expression.

With regard to professional gender equality, for the second consecutive year, the companies of the Groupama group published the equal pay index resulting from the law for the freedom to choose one's professional future of 5 September 2018.

Its 22 companies with more than 50 employees obtained equal pay for women and men indexes between 80/100 and 99/100, most of them up from the previous year. These results demonstrate the continued mobilisation of the Group's companies for many years in

favour of professional gender equality in terms of compensation, pay increases, promotions, and access to senior positions.

These results demonstrate 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 launched its third edition in 2020. 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 2020, on the consolidated scope, the Group achieved its objectives of 48.8% women in managerial positions (compared with 48.9% at the end of 2019) and 30.4% women in executive positions (compared with 23.1% at the end of 2019), since 73.8% of transitions to the executive category involved women.

Groupama continued its commitment within the "Collective of French Companies in favour of a more Inclusive Economy" and its local adaptations, marking 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 (82 in 2020) to a fixed-term contract or a permanent contract was 21.3% in 2020 compared with 23.5% in 2019.

In terms of diversity, in line with the commitment to the "Manifesto for the inclusion of people with disabilities in economic life", the Group maintained its recruitment efforts (54 in 2020 compared with 50 in 2019) and its responsible purchasing policy.

Over a seven-year period, more than 450 employees with disabilities were recruited (permanent and fixed-term contracts, training contracts, or as temporary workers) by the Group's French companies in the framework of this long-term commitment. For the overall group, there were 1,080 employees with disabilities on staff as of 31 December 2020.

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 in the health crisis context.

Moreover, in 2020, for the eighth 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 purpose and values.

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1.5.2 GROUP CONSOLIDATED WORKFORCE (FRANCE & INTERNATIONAL)

The consolidated scope includes approximately thirty companies for a total workforce of 12,717 employees as of the end of 2020.

The table below (fiscal years 2020 and 2019) corresponds to Note 46 to the consolidated accounts for fiscal year 2020, as audited by the statutory auditors.

(in number of people)	31.12.2020			31.12.2019	31.12.2018
	Insurance	Financial businesses	Total	Total	Total
France	8,391	296	8,687	8,702	8,674
Italy	787		787	787	791
Hungary	942		942	1,193	1,684
Greece	289		289	286	284
Romania	1,379		1,379	1,467	1,527
Other EU	228		228	227	200
Outside EU	405		405	394	431
TOTAL REGISTERED WORKFORCE	12,421	296	12,717	13,056	13,591

The headcount was down internationally (mainly in Hungary and Romania) and in France.

Registered workforce	2020	2019	2018
Groupama Assurances Mutuelles	1,288	1,277	1,232
Registered offices and after-sales services of subsidiaries with a customer/network relationship ⁽¹⁾	1,598	1,647	1,638
Sales forces of subsidiaries with customer/network relationship ⁽¹⁾	968	992	1,088
France insurance/bank and services subsidiaries ⁽²⁾	2,976	2,956	2,902
Financial and real estate subsidiaries ⁽³⁾	405	405	395
Support companies (Groupama Supports & Services)	1,452	1,425	1,419
Subtotal France	8,687	8,702	8,674
International	4,030	4,354	4,917
TOTAL	12,717	13,056	13,591

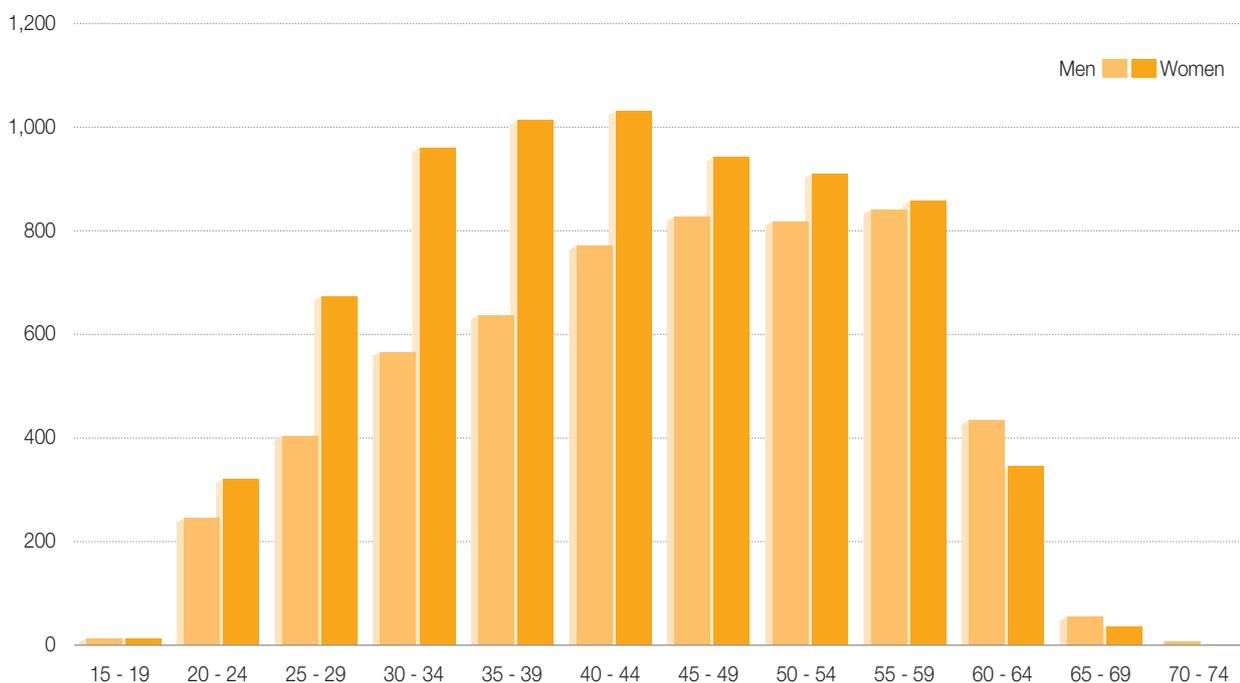
(1) Gan Assurances, Gan Patrimoine, Gan Prévoyance, Gan Outre-Mer IARD.

(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%	93.3%	6.7%/3.3%	55.7%	44.3%

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.

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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 socioeconomic 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 2020, Groupama benefits from dense, complementary distribution networks over the entire French territory: 4,900 sales representatives employed by Groupama's regional mutuals, 870 general agents, 600 partner brokers of Gan Eurocourtage, the network of 340 Gan Patrimoine agents, and the network of 500 Gan Prévoyance in-house advisors.

On the domestic market, the Group is supported by two brands: Groupama and Gan and Amaguiz, each offering a specific range 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 2020, Groupama Assurances Mutuelles reported total consolidated premium income of €10,628 million, including €10,436 million in insurance premiums and €193 million from Asset Management and other financial businesses.

Approximately 77% of the Groupama Assurances Mutuelles insurance business is carried out in France, amounting to €8.2 billion as of 31 December 2020.

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

<i>(in millions of euros)</i>	31.12.2020	31.12.2019	31.12.2018	Variation 2020/2019 ⁽¹⁾
France property and casualty insurance	3,362	3,466	3,391	+0.0%
Life and health insurance - France	4,828	4,663	4,548	+3.5%
Subtotal France	8,190	8,129	7,939	+2.0%
International property and casualty insurance	1,540	1,623	1,768	-2.1%
Life and health insurance - International	705	734	770	-1.0%
Subtotal International	2,245	2,357	2,538	-1.7%
Banking and financial businesses	193	172	173	12.3%
TOTAL CONSOLIDATED SCOPE	10,628	10,657	10,650	+1.4%

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

Details of the premium income by business segment are presented in "Note 34 – 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.

<i>(in millions of euros)</i>	31.12.2020	31.12.2019	31.12.2018
Groupama Assurances Mutuelles	2,259	2,333	2,190
Groupama Gan Vie	4,172	4,012	3,919
Gan Assurances	1,390	1,410	1,421
Amaline Assurances ⁽¹⁾			74
Other specialist Group companies ⁽²⁾	369	374	335
Subtotal France insurance	8,190	8,129	7,939
Financial businesses	193	172	173

(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, Assu-Vie.

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 2020, 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 870 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 500 salespeople.

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 2020, 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

The Covid-19 pandemic began to wreak havoc on 2020 in March with major impacts on the economy, individuals and entities, and markets.

In the face of great difficulties, insurers took measures totalling €2.6 billion to support the individuals and companies most affected by the crisis. They also committed to helping to revive the country through a historic €2 billion historic investment plan, which will primarily benefit French SMEs and midcaps as well as the tourism and healthcare sectors. Insurers themselves were also impacted by the crisis and fully mobilised to ensure business continuity during this exceptional period and to support their policyholders on a daily basis. (source: FFA – 17 December 2020).

In 2020, French insurance premium income totalled €200 billion, down sharply from 2019. Life and health insurance premium income totalled €142 billion. Life insurance contributions fell by -20% to €116 billion as of the end of 2020 despite stable unit-linked product (UL) contributions. Net life insurance inflows were negative in 2020 at -€6.5 billion versus +€21.9 billion in 2019. In health insurance, premium income increased +2% to €25.2 billion, with growth in health (+2%) and protection insurance (+1%). In property and casualty insurance, premium income reached €58 billion at the end of 2020. In motor insurance, contribution growth was 2.0% in 2020 (compared with 3.1% in 2019). Personal property damage insurance contributions also slowed in 2020 but to a lesser extent: 3.6% after 4.3% in 2019. For home insurance policies, the contribution growth of 3.2% was 1.8 percentage points higher than the growth in the number of policies.

Groupama Assurances Mutuelles generated €8.2 billion in insurance premium income in France during 2020. The table below shows the change in Groupama's ranking in France, 9th-largest French multi-line insurer in 2020:

French ranking ⁽¹⁾	2020	2019
Insurance	9	8
P&C	3	3
L&H	14	12

(1) Source: L'Argus de L'Assurance – December 2020

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.

2.2.3 PROPERTY AND CASUALTY INSURANCE

Groupama Assurances Mutuelles generated €3.4 billion in premium income in property and casualty insurance in France (41% of premium income generated in France) as of 31 December 2020.

2.2.3.1 Automotive and Mobilities

Groupama ranks number 4 on the French motor insurance market (source: L'Argus de l'Assurance – May 2020) and insures more than 3,850,000 passenger vehicles⁽¹⁾ (excluding fleets) as of the end of 2020.

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.

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

This year, Groupama still ranks number 2 on the French home insurance market (source: L'Argus de l'Assurance – May 2020). As of 31 December 2020, the Group had 3.55 million insured homes.

The home insurance solutions offered by Groupama are highly comprehensive and allow a very broad target to be reached. Each year, we work to adapt the general terms and conditions and add types of cover or even services in order to adapt to changes in society.

2.2.3.3 Services

(a) Assistance, Affinity Insurance, Services

Offered by Mutuaide, which has operations in all assistance business lines (car breakdown assistance, personal and medical repatriation assistance, home care), this business places the Group in 6th position on this market in France.

Mutuaide has also specialised in affinity insurance, which makes it possible to offer – to the Group and outside the Group – travel cancellation insurance, mechanical breakdown insurance, household property loss, theft, and breakage insurance, etc.

To supplement its offering, Mutuaide also offers services such as crisis management, personal services, concierge services, and event medicalisation.

(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-crédit & Caution. Its premium income amounted to €46 million as of 31 December 2020. 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 March 2020, the agricultural sector had to begin coping with the impacts of the Covid-19 health crisis. Groupama, the top insurer in the agricultural world, was driven to stand by farmers from the first days of the crisis. In an uncertain environment, Groupama's support consisted in providing advice to its members, answering their everyday questions (especially when the labour essential to business continuity was scarce), staying close despite the distance imposed by the lockdown, and adjusting contributions to support certain sectors in hardship.

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 has offered innovative services since 2019 to allow farmers to look after their farm (connected fodder probes, smart video-surveillance cameras).

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

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Insurance in France

2.2.3.5 Professional insurance

This category includes micro-enterprises, very small businesses, and heads of independent companies (fewer than 20 employees) 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 – 2019/2020 ⁽¹⁾) 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-Predict service continued. This service sends out highly localised alerts through the app or text messages in the event of a weather event or natural disaster based on customised information provided up front. In connection with the latest municipal elections, Groupama and Predict support the new elected representatives by providing the update to Local Response Plans and the DICRIM (Local Major Risk Information Document).

Given the interest presented by Groupama-Predict, Groupama continued its steps to deploy this service for its other categories of customers as well (farming, individuals, professionals, etc.) across all its regional mutuals.

The Group also deployed an app called "Mon Kit Élus", 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 an economic environment that continues to be difficult, in a market where price competition remains strong in the SME/SMI segment, unlike the midcaps and large company segment, where the market has entered an uptrend, the Group has maintained its involvement alongside companies.

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 €4.8 billion in life and health insurance (58% of premium income generated in France) as of 31 December 2020.

2.2.4.1 Individual health

Groupama is the leading insurer in France (number 2 player, including mutual benefit companies known as "Mutuelles 45") in the individual health market (source: L'Argus de l'Assurance – May 2020).

In 2020, against the backdrop of the pandemic, Groupama supported its members through various mechanisms:

- › personalised calls to members to inform them specifically about the services and covers provided for in their policies and to communicate about the various ways to keep in touch with their Groupama advisor. In particular, the most vulnerable individuals received communications specially adapted to them;
- › the Group deployed a Covid-19 Kit for its policyholders with a reminder of the unlimited access to remote consultation (24/7), useful tips, a psychological support service, and prevention information.

2.2.4.2 Individual savings/pensions

As of 31 December 2020, Groupama Assurances Mutuelles generated €2.0 billion in premium income in individual savings/pensions, with a share of individual unit-linked products (UL) of 39.4%, outperforming the market.

The strategy of securing the duty to advise in the context of high volatility in the financial markets in 2020 reinforced the positioning of the delegated management offering on life insurance policies with customers.

The Group also confirms the success of its positioning and customer support strategy on the theme of pensions with 42,458 new PERIN policies (Groupama/Gan Nouvelle Vie) taken out over the 2020 fiscal year.

(1) PEPITES 2019/2020 - Overall penetration rate AXA 28% - Crédit Agricole 20% - Groupama/Gan 16%.

2.2.4.3 Protection insurance

In 2020, Groupama allowed more and more of its customers to take out protection insurance through fluid, simplified processes based on a secure digital health questionnaire and electronic signatures on policy documents.

For farmers, Groupama also provided digital access and easier enrolment for "Replacement services" offering, which allows farmers to receive benefits in kind in the event of a work stoppage.

Moreover, in the context of the pandemic, Groupama took action beyond its policies, for example by simplifying the process of declaring work stoppages for vulnerable individuals or, in certain situations, by dropping contractual excesses in the implementation of replacement services for farmers, or in the event of sick leave for healthcare professionals.

2.2.4.4 Group insurance

The Group generated €1.9 billion in group insurance premium income as of the end of 2020. The fiscal year was characterised by continued commercial development in group health, protection, and retirement insurance.

The year was marked by the health crisis, which resulted in:

- › a slight positive impact in terms of loss experience with less consumption among our policyholders due to the lockdown and delayed consumption, especially in hospitalisation, vision, dental, and private-practice consultations;
- › a negative impact on protection insurance benefits with an increase in work stoppages and a significant increase in the portability of covers for employees who have lost their job;
- › an increase in the number of unpaid sums, with late payments observed in connection with the economic situation, leading to payment difficulties on the business side;
- › the introduction of a Covid-19 tax equivalent to 2.6% of revenue in 2020 and 1.3% in 2021 (i.e. 3.9% over 2 years).

In addition, 2020 saw the effective entry into force of the 100% healthcare reform, which aims to provide access to a range of essential care without any remaining expenses for our vision and dental policyholders. Hearing cover with a 0% co-payment will come into force on 1 January 2021. Against this background, a new healthcare solution going beyond "traditional" care with high-added-value services was launched in less than 6 months.

2020 was also the year of implementation of the new pension and employee savings solutions associated with the PACTE law (mandatory PER and collective PER). Despite the health crisis brought on by the coronavirus, which put a major brake on the marketing of these offerings by our distribution networks, the Group ended the year honourably with these offerings meeting the expectations of companies. The individual PER (replacing the PERP and the Madelin) was a great success. This solution was quickly incorporated by the Group's distribution networks and, in particular, by brokers. It was also able to attract knowledgeable savers just as quickly. In addition, taking advantage of a time-limited regulatory opportunity, a commercial operation allowed our holders of former

corporate policies to transfer their savings to this new individual PER and thus take advantage of the new features offered by this solution.

Convinced of the strategic nature of savings/pensions in the coming years, the Group continued its comprehensive pension initiative. In group products, this deployment resulted in an increased remote presence on the appropriation of these "PACTE" offerings, training support in the form of webinars for the networks, and digital services for the Group's distribution networks and the general public.

The services backed by our protection and health insurance policies, sought by our customers to promote prevention and employee well-being, were a real way to stand out in a very competitive, saturated market. This was heightened by the health and economic crisis, where the need to be present and support our customers on these themes was very strong. The year 2020 was an opportunity to launch a DSN-related absenteeism analysis offering and a new caregiver assistance service in partnership with a start-up.

Measures for the ongoing improvement of the customer experience continue. After the enrolment process was digitised, the Group customer space for employees was completely redesigned to offer a better user experience in terms of both ease of browsing and the addition of new features.

The quality of the Group's support for its customers has been rewarded. The customer relations and Health Benefits Division of the Group Insurance Division had its ISO 9001 certification renewed without "non-compliance or weaknesses".

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. Groupama Épargne Salariale represents 15,600 customer companies, 131,000 savers, and more than €1.5 billion in assets under management.

In 2020, despite the health and economic crisis, 1,172 new companies signed up (almost as much as in 2019). SRI assets under management exceeded €1 billion for the first time out of a total of €1.5 billion. These good results were thanks to the mobilisation of the teams to support networks and customers even remotely. Online enrolment was made easier. Customers were encouraged from the beginning of the year to complete all their transactions online and were regularly informed *via* webinars and newsletters.

The year 2020 was also marked by the mass marketing of the new collective PER, which Groupama Épargne Salariale was one of the first players in the market to offer. Since the beginning of 2020, nearly 10,000 companies have signed up for this new plan.

For the 11th year, Groupama Épargne Salariale's offerings were awarded the "Excellence" labels by Dossiers de l'Épargne. This label is awarded by experts to the best policies on the market.

2.3 INTERNATIONAL INSURANCE

International insurance premium income was €2.2 billion in 2020. Written premiums reached €1.5 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:

Ranking	2020		2019	
	Non-life	Life	Non-life	Life
Italy ⁽¹⁾	9	28	8	26
Turkey ⁽²⁾	17	17	18	19
Hungary ⁽³⁾	4	4	4	3
Romania ⁽⁴⁾	5	9	4	10
Greece ⁽⁵⁾	8	10	10	9

(1) Source: ANIA.

(2) Source: TSB/Insurance Association of Turkey.

(3) Source: ANIA.

(4) Source: ASF (ex. CSA).

(5) Source: ANIA.

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

Premium income (in millions of euros)	31.12.2020	31.12.2019	31.12.2018	Change 2020/2019 ⁽²⁾
International insurance	2,245	2,357	2,537	-1.7%
Italy	1,247	1,334	1,481	-6.5%
Turkey	176	188	265	-6.7%
Greece	148	151	139	-1.7%
CEEC ⁽¹⁾	608	618	589	-1.4%
Other countries	66	65	64	1.6%

(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 up 3.9% in life insurance and down 3.4% in non-life insurance as of the end of September 2020.

Groupama Assicurazioni generated €1,247 million in premium income as of 31 December 2020, principally via a network of general agents across the entire territory and via the banking channel, as a result of partnerships concluded with regional banks in northern Italy in 2013.

As of 31 December 2020, property and casualty insurance premium income reached €858 million, while life and health insurance premium income reached €389 million.

2.3.2 TURKEY

The growth of insurance on the Turkish market remained steady with an increase of +17.3% in non-life insurance and +41.0% in life insurance as of the end of October 2020.

Groupama Sigorta and Groupama Emeklilik generated premium income of €176 million as of 31 December 2020 via a highly diversified distribution network of agents, partnerships, brokers, and banking partners throughout the territory. As of 31 December 2020, property and casualty insurance represented €142 million in premium income, and life and health insurance represented €34 million.

2.3.3 GREECE

The Greek market recovered with growth of 1.34% in non-life insurance and a decrease of -5.41% in life insurance as of the end of September 2020.

The €148 million in premium income as of 31 December 2020 was generated mainly by brokers and exclusive branches.

Property and casualty insurance premium income was €83 million and represented 60% of the business. In life and health insurance, Groupama Asfalistiki generated premium income of €65 million.

2.3.4 CENTRAL AND EASTERN EUROPEAN COUNTRIES (CEEC)

Groupama's premium income for countries in Central and Eastern Europe amounted to €608 million as of 31 December 2020. The Group holds leading positions in Hungary and Romania.

2.3.4.1 Hungary

The Hungarian market was up 5.4% in non-life insurance and 2.4% in life insurance at the end of September 2020.

Groupama Biztosito generated premium income of €364 million as of 31 December 2020 via a highly diversified distribution network of branches, banking partnerships, brokers, and online subscription sites. As of 31 December 2020, life and health insurance represented €173 million, and property and casualty insurance represented €192 million.

2.3.4.2 Romania

The Romanian market was down -1.7% in life insurance and up +5.7% in non-life insurance at the end of September 2020.

Groupama Asigurari generated premium income of €220 million as of 31 December 2020, 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 €198 million.

2.3.4.3 Bulgaria

At the end of 2020, premium income from the Bulgarian subsidiaries Groupama Zastrahovane and Groupama Jivotozastrahovane amounted to €24 million, including €13 million in life and health 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 €66 million as of 31 December 2020, including €57 million from property and casualty insurance.

2.3.6 CHINA

In China, the Groupama AVIC joint venture continued to develop during 2020 and is now ranked number 6 among foreign non-life insurers on the Chinese market, with premium income of €300 million as of 31 December 2020.

2.4 FINANCIAL BUSINESSES

2.4.1 GROUPAMA ASSET MANAGEMENT

Groupama Asset Management, a subsidiary dedicated to Asset Management, is ranked 10th among French Asset Management companies (AFG ranking – December 2019). Groupama Asset Management posted consolidated revenue of €183 million as of 31 December 2020. Assets under management amounted to €108.6 billion, including 23% 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 2020. The European Funds Trophy recognised Groupama Asset Management as the top management company in France and Europe in the category of 41 to 70 rated funds. In particular, equity and convertible bond management received 19 awards this year, reflecting an expertise in the Small and Mid-Cap and France and Euro/Europe Equities segments as well as international equities.

In 2020, in line with the Group's policy and values, Groupama Asset Management continued 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 long-term investments and contribute to the economic recovery (G Fund World R Evolution and G Fund New Deal for Europe). In addition, 5 funds were awarded the ISR label at the end of 2020. 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 based on appreciation of properties under management, the administrative and financial management of leases and an advisory role for companies of the Group and for third parties.

In particular, Groupama Immobilier manages property assets held by Groupama Assurances Mutuelles and its French subsidiaries, representing a total value of €3.5 billion as of 31 December 2020.

These assets include commercial and operating property (77%), residential property (19%), mainly in Paris and its immediate suburbs, 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 2020, the portfolio management company Groupama Gan REIM, a subsidiary of Groupama Immobilier (60%) and Groupama Gan Vie (40%), continued its development through an investment campaign for the various managed AIFs (OPPCI, OPCI, and SCPI).

CORPORATE GOVERNANCE AND INTERNAL CONTROL

3

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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 11 March 2021, 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

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 mutuels 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 the 2020 fiscal year, its membership was modified following:

- › the co-optation of Jérôme Moy on 13 May 2020 to replace Michel L'Hostis. The ratification of his appointment occurred during the General Meeting of 18 June 2020;
- › the appointment on 18 June 2020 of Sylvie Le Dilly to replace Marie-Ange Dubost;
- › the co-optation of Elie Harari on 1 July 2020 to replace Bruno Rostain. The ratification of his appointment will be submitted to the General Meeting of 17 June 2021.

In addition, in view of the upcoming expiry of the terms of office of the two Directors elected by the employees, Isabelle Chasseur and Christophe Mercier were elected as Directors representing the employees, respectively replacing Liouba Ryjenkova and Thierry Chaudon, and took office on 1 October 2020.

As of 31 December 2020, the membership of the Board of Directors was as follows:

Chairman:

- › Jean-Yves Dagès

Vice-Chairman:

- › Jean-Louis Pivard

Directors:

Representing the member mutuels:

- › Daniel Collay
- › Jean-Pierre Constant
- › Walter Guintard
- › Sylvie Le Dilly⁽¹⁾
- › Jérôme Moy⁽²⁾
- › Laurent Poupart
- › François Schmitt

Chosen for their qualifications:

- › Isabelle Bordry
- › Ada Di Marzo
- › Caroline Grégoire Sainte Marie
- › Elie Harari⁽³⁾

Employee representatives:

- › Isabelle Chasseur
- › Christophe Mercier

Representing the Social and Economic Committee:

- › Catherine Guibert

Secretary of the Board:

- › Cécile Daubignard

The average age of the Directors is 56.

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) At its meeting of 18 June 2020, the General Meeting appointed Sylvie Le Dilly as Director to replace Marie-Ange Dubost.

(2) During the meeting of 13 May 2020, the Board of Directors co-opted Jérôme Moy to replace Michel L'Hostis. His co-optation was ratified by the General Meeting of 18 June 2020.

(3) During its meeting of 1 July 2020, the Board of Directors co-opted Elie Harari to replace Bruno Rostain. This co-optation will be submitted to the General Meeting of 17 June 2021 for ratification.

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 during the 2021 Annual General Meeting for Directors representing the member mutuals, and, with respect to the Independent Directors, during the 2023 Annual General Meeting for Ada Di Marzo, Caroline

Grégoire Sainte Marie, and Elie Harari, and during the 2026 Annual General Meeting for Isabelle Bordry.

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 2024.

3.1.1.3 Terms of office and duties performed by the Directors

As far as the Company is aware, following a process of self-declaration of offices and functions held outside the Group, 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

Current offices held

Served within the Group in France

Groupama d'Oc	› Chairman of the Board of Directors	Since 22 June 2011
Groupama Holding Filiales et Participations	› Chairman of the Board of Directors	Since 07 June 2018

Offices held between 2016 and 2020 no longer held by Jean-Yves Dagès

Served within the Group in France

Groupama Forêts Assurances – Misso	› Vice-Chairman of the Board of Directors (end of term 24 May 2019)
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.

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

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
Groupama Rhône-Alpes Auvergne	› Chairman of the Board of Directors	Since 11 April 2012
SCI du Château de Cap de Fouste	› Director	Since 25 November 2015

Served outside the Group in France

Dortan-Compost	› Co-Manager	Since 15 December 2002
GAEC reconnu du Truchet	› Co-Manager	Since 30 August 1985

Offices held from 2016 to 2020 no longer held by Jean-Louis 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 Domaine de Nalys	› Director (end of term 19 July 2017)

Served outside the Group in France

Compagnie Financière d'Orange Bank	› Director (end of term 24 April 2020)
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Isabelle Bordry

Date of birth: 9 January 1970

BUSINESS ADDRESS

REGENCY
152, BOULEVARD HAUSMANN
75008 PARIS, FRANCE

Main roles in the Company

Isabelle Bordry has been an Independent Director since 19 May 2016. This term was renewed during the General Meeting of 18 June 2020 and will expire following the Annual General Meeting in 2026.

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. She has been a member of the Strategy Committee since that date and its Chairman since 25 September 2018.

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 – Co-Founder
- › 2015 to 2016: Member of the Board of Directors of Fonds pour l'Innovation Numérique de la Presse (FINP)
- › 2007 to 2013: Business angel – Independent investor
- › 1997 to 2005: Yahoo! – Managing Director of Yahoo! France – Operations Director of Yahoo! Europe
- › 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 2016 to 2020 no longer held by Isabelle Bordry

None

* Listed company.

**Daniel Collay**

Date of birth: 17 January 1961

BUSINESS ADDRESS

GROUPAMA PARIS VAL DE LOIRE
1 BIS AVENUE DU DOCTEUR TÉNINE
92160 ANTONY, FRANCE

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.

He has been Vice-Chairman of the Mutual Insurance Advisory Board since 7 June 2018. 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, then member of the Strategy Committee from 7 June 2018 to 1 July 2020. He has since then been a member of the Compensation and Appointments Committee.

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*

Groupama Gan Vie	› Chairman of the Board of Directors	Since 1 July 2020
Groupama Holding Filiales et Participations	› Director	Since 6 June 2018
Groupama Paris Val de Loire	› Chairman of the Board of Directors	Since 24 April 2012
SCI Agrisud	› Manager	Since 2 July 2004
SCI du Château de Cap de Fouste	› Director	Since 25 November 2015

Offices held from 2016 to 2020 no longer held by Daniel Collay*Served within the Group in France*

Amaline Assurances	› Chairman of the Board of Directors (end of term 19 November 2020)
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 06 July 2016)
SCA du Château d'Agassac	› Member of the Management Board (end of term 7 June 2017)
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 Vice-Chairman of the Mutual Insurance Advisory Board since 7 June 2018. After serving as a member of the Audit and Risk Management Committee from 3 May 2018 to 1 July 2020, he has been a member of the Compensation and Appointments Committee since then.

Main position outside the Company

- › Farmer

Professional experience/Management expertise

- › Chairman of Groupama Méditerranée

Current offices held

Served within the Group in France

Groupama Asset Management	› Vice-Chairman of the Board of Directors	Since 24 June 2020
Groupama Holding Filiales et Participations	› Director	Since 6 June 2018
Groupama Méditerranée	› Chairman of the Board of Directors	Since 26 April 2018
Groupement Forestier du Domaine de Cobazet	› Representative of Groupama Méditerranée, Manager	Since 23 August 2019
SC Bonneterre	› Chairman of the Board of Directors	Since 3 July 2019
SCI du Château de Cap de Fouste	› Chairman of the Board of Directors	Since 1 June 2018

Served outside the Group in France

Paysan du Midi	› Director	Since 3 June 2019
VIVACOOP	› Director	

Offices held from 2016 to 2020 no longer held by Jean-Pierre Constant

Served within the Group in France

Groupama Assurance-crédit & Caution	› Chairman of the Board of Directors (end of term 24 June 2020)
Groupama Méditerranée	› Vice-Chairman of the Board of Directors (end of term 26 April 2018)
SC Bonneterre	› Representative of Groupama Méditerranée, Manager (end of term 20 March 2020)

Served outside the Group in France

Centre Hospitalier de l'Ardèche Méridionale	› Chairman of the Supervisory Board (end of term 19 May 2018)
FDI Habitat	› Permanent representative of Groupama Méditerranée, Director (27 June 2019 to 5 March 2020)
FDI Sacicap	› Permanent representative of Groupama Méditerranée, Director (27 June 2019 to 5 March 2020)



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 2016 to 2020 no longer held by Ada Di Marzo

None



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	Since 18 May 2018
Vinci*	› Director	Since 17 April 2019

Served outside the Group abroad

Elkem ASA* (Norway)	› Director	Since 22 March 2018
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Offices held from 2016 to 2020 no longer held by Caroline Grégoire Sainte Marie

Served outside the Group in France

Eramet*	› Director (end of term 27 May 2016)
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Served outside the Group abroad

Calyos (Belgium)	› Director (end of term 11 June 2019)
FLSmidth* (Denmark)	› Director (end of term 27 March 2019)
Wienerberger AG* (Austria)	› Vice-Chairman of the Supervisory Board (end of term 5 May 2020)

* Listed company.



Walter Guintard

Date of birth: 2 March 1972

BUSINESS ADDRESS

GROUPAMA CENTRE-ATLANTIQUE
1, AVENUE DE LIMOGES
CS 60001
79044 NIORT CEDEX 9

Main roles 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 Vice-Chairman of the Mutual Insurance Advisory Board and a member of the Compensation and Appointments Committee.

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 Centre-Atlantique	› Chairman of the Board of Directors	Since 26 April 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
SCI du Château de Cap de Fousté	› Director	Since 19 June 2020

Served outside the Group in France

SCI des Grands Champs	› Manager	Since 6 April 2007
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Offices held from 2016 to 2020 no longer held by Walter Guintard

Served within the Group in France

Gan Patrimoine	› Director (end of term 4 October 2017)
Groupama Centre-Atlantique	› Vice-Chairman of the Board of Directors (end of term 26 April 2019)

Served within the Group abroad

Groupama Biztosító	› Member of the Supervisory Board (end of term 27 May 2019)
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**Elie Harari**

Date of birth: 17 September 1964

BUSINESS ADDRESS21 RUE DU GUÉ
92500 RUEIL MALMAISON, FRANCE**Main roles in the Company**

Elie Harari has been an Independent Director since 1 July 2020. This term will expire following the Annual General Meeting in 2023. He has been a member of the Audit and Risk Management Committee since 1 July 2020 and became its Chairman on 28 August 2020.

Main roles outside the Company

- › Chairman of the Audit Committee of Médecins du Monde
- › Director of companies

Professional experience/Management expertise

- › Since 2019: Chairman of the Audit Committee of Médecins du Monde
- › Since 2017: Professor of audit and finance courses at various business schools.
- › 2000 to 2017: Axa
 - 2016 to 2017: Chief Financial Officer at Axa Partners
 - 2013 to 2016: General Secretary – Chief Financial Officer at Axa Investment Managers
 - 2009 to 2013: Strategy Director at the AXA Group
 - 2005 to 2009: Audit Director at Axa France
 - 2000 to 2005: Director of Strategy and P&C/Banking Management Control at AXA France
- › 1991 to 2000: CIC
 - 1995 to 2000: Audit Manager
 - 1991 to 1995: Management Controller
- › 1988 to 1991: Ernst & Young
 - Senior Consultant at Ernst & Young Conseil
 - Missions in the financial sector, particularly in stock trading firms

Current offices held

None

Offices held from 2016 to 2020 no longer held by Elie Harari*Served outside the Group in France*

Axa Investment Managers IF	› Permanent representative of Axa Investment Managers, Director (end of term in June 2016)
Axa Investment Managers Paris	› Permanent representative of Axa Investment Managers, Director (end of term in June 2016)
Axa Partners Holding SA	› Director (end of term in June 2017)
Axa Real Estate Investment Managers	› Permanent representative of Axa Investment Managers, Director (end of term in June 2016)



Sylvie Le Dilly

Date of birth: 12 April 1967

BUSINESS ADDRESS

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

Main roles in the Company

Sylvie Le Dilly has been a Director since 18 June 2020. This term will expire following the Annual General Meeting in 2021.

She has been Vice-Chairman of the Mutual Insurance Advisory Board since 27 May 2020 and a member of the Strategy Committee since 1 July 2020.

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 Assurance-crédit & Caution	› Chairman of the Board of Directors	Since 24 June 2020
Groupama Centre-Manche	› Chairman of the Board of Directors	Since 14 May 2020
Groupama Holding Filiales et Participations	› Director	Since 3 June 2020
SCA du Château d'Agassac	› Member of the Management Board	Since 3 September 2020

Served outside the Group in France

SCEA Drouet Le Dilly	› Co-Manager	Since March 1991
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Offices held from 2016 to 2020 no longer held by Sylvie Le Dilly

Served within the Group in France

Gan Assurances	› Director (end of term 2 July 2020)
Groupama Centre-Manche	› Vice-Chairman of the Board of Directors (end of term 14 May 2020)

Served within the Group abroad

Groupama Phoenix Hellenic Insurance Company SA	› Director (end of term 27 June 2020)
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**Jérôme Moy**

Date of birth: 4 August 1973

BUSINESS ADDRESS

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

Main roles in the Company

Jérôme Moy has been a Director since 13 May 2020. This term will expire following the Annual General Meeting in 2021.

He has been Vice-Chairman of the Mutual Insurance Advisory Board since 27 May 2020 and a member of the Audit and Risk Management Committee since 1 July 2020.

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 3 June 2020
Groupama Loire Bretagne	› Chairman of the Board of Directors	Since 12 May 2020
Mutuaide Assistance	› Chairman of the Board of Directors	Since 24 June 2020

Offices held from 2016 to 2020 no longer held by Jérôme Moy

None



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.

He has been Vice-Chairman of the Mutual Insurance Advisory Board and a member of the Strategy Committee since 7 June 2018. He was a member of the Compensation and Appointments Committee from 27 May 2015 to 7 June 2018.

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
Groupama Nord-Est	› Chairman of the Board of Directors	Since 17 April 2015

Served within the Group abroad

Groupama Assicurazioni Spa	› Chairman of the Board of Directors	Since 26 April 2018
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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 2016 to 2020 no longer held by Laurent Poupart

Served within the Group in France

Groupama Assurance-Crédit	› 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)
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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.

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

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 Grand Est	› Chairman of the Board of Directors	Since 25 June 2008
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 2016 to 2020 no longer held by François 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 Domaine de Nalys	› Director (end of term 19 July 2017)

**Isabelle Chasseur**

Date of birth: 16 July 1962

BUSINESS ADDRESSGROUPAMA ASSURANCES MUTUELLES
8-10 RUE D'ASTORG
75008 PARIS, FRANCE**Main role in the Company**

Isabelle Chasseur has been a Director representing the Company's employees since 1 October 2020. This term will expire following the Annual General Meeting in 2024.

Main position outside the Company

None

Professional experience/Management expertise

› Management Assistant in the Group Tax Department

Current offices held

None

Offices held from 2016 to 2020 no longer held by Isabelle Chasseur

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 45 – Related Parties of the consolidated accounts);
- › issues of securities of any kind as well as issues and redemptions of mutual certificates;
- › any significant operations that may affect the Group's strategy and its scope of activities;
- › the methods for implementing the solidarity plan pursuant to the agreement on security and solidarity plans;
- › termination of the agreement defining the security and solidarity mechanisms at the initiative of Groupama Assurances Mutuelles.

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

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

The unit amount of 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

Despite its conversion into a mutual insurance company, Groupama Assurances Mutuelles chose to continue to refer to the AFEP-MEDEF Corporate Governance Code, revised in January 2020. In the absence of a Corporate Governance Code specific to the mutual insurance world, it was considered preferable to continue to refer to the AFEP-MEDEF Code rather than to no longer refer to a Corporate Governance Code. Groupama Assurances Mutuelles holds securities admitted to a regulated market.

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 terms 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 more appropriate for its mutual insurance structure due to the establishment of a long-term career path for Directors within the mutual company;
- › 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 (excluding Directors elected by employees) as of 31 December 2020, 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 Mutuelles 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 as of this date, and at most one third of this total. This special provision is binding on the Company and represents a regulatory exception to the principle that the Board of Directors of a mutual insurance company must be composed of members, in this case representatives of member mutuals for Groupama Assurances Mutuelles.

Furthermore, as a matter of principle, all the Directors of a mutual insurance company are completely independent because they do not have any proprietary interests (shares) in the Company.

The choice of the minimum proportion provided for in this article is justified by the Company's mutual insurer structure and the inherent independence of its 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, as the elected representatives of the mutual is also inherently independent; 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; its current membership reflects the Company's mutual insurer structure, as the elected Directors of the mutual company are also inherently independent. 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 2020

The Board of Directors met 10 times during the 2020 fiscal year (including the Board of Directors seminar in November), remotely for the most part from March 2020 due to the health crisis.

The attendance rate of the members of the Board of Directors was 98% (compared with 95% in 2019), a continued high rate of Director mobilisation. The Group General Secretary carried out the duties of Secretary of the Board.

In 2020, 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 2 prudential framework (SCR and MCR coverage ratios, group and individual ORSA, SFCR, and RCR reports, actuarial function reports);
- › amendments to the General Reinsurance Regulations with the regional mutuals and the agreement on security and solidarity plans;
- › prospects for renewal external reinsurance protection;
- › the provisional audit plan for 2021;
- › the updating of written policies;
- › governance, with:
 - the internal assessment of the functioning of the Board of Directors,
 - the compensation of Managers and corporate officers;
- › the financing of major programmes for 2021;
- › 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, mainly including:

- › the performance indicators for the Group's businesses and particularly the key management indicators;
- › the implementation of the Group's strategy and its changes in the context of the health crisis;
- › the combined results forecasts for 2020, the 2021 budget, and the forecasts for 2022 to 2023;
- › 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 the 2020 fiscal year, three training sessions were organised for Board members: the first on the Insurance Distribution Directive as well as currency hedging techniques, the second on the accounts of a life insurance company, and the third on the savings/pensions issues of the PACTE law.

On the proposal of the Compensation and Appointments Committee, a Board seminar was devoted to corporate social responsibility (CSR).

The 2020 financial statements were closed on 11 March 2021 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 17 June 2021. The 2020 financial statements were submitted in advance to the Audit and Risk Management Committee, which reviewed them on 2 March 2021.

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.

The internal bylaws adopted by the Board of Directors on 7 June 2018 include in particular 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 internal bylaws 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.

Since 7 June 2018, these committees are as follows:

- › Audit and Risk Management Committee;
- › Compensation and Appointments Committee;
- › Strategy Committee.

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).

As with the Board of Directors, the committees met remotely from March 2020.

3.1.2.1 Audit and Risk Management Committee

(a) Membership

In 2020, 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:
 - Jérôme Moy (Chairman of the Groupama Loire Bretagne regional mutual) since 13 May 2020, when he replaced Jean-Pierre Constant (Chairman of the Groupama Méditerranée regional mutual);
 - Jean-Louis Pivard, Chairman of the Groupama Rhône-Alpes Auvergne regional mutual; and
 - François Schmitt, Chairman of the Groupama Grand Est regional mutual;
- › 2 Independent Directors:
 - Caroline Grégoire Sainte Marie; and
 - Elie Harari since 1 July, replacing Bruno Rostain.

The Audit and Risk Management Committee is chaired by an Independent Director, Bruno Rostain, then Elie Harari beginning 28 August 2020.

Note that the CEO of Groupama Assurances Mutuelles does not participate in the work of the Audit and Risk Management Committee unless specifically invited. This CEO is represented by the Deputy CEO for Finance, Actuarial Services, Audit, and Risk Management as an effective Manager. The General Secretary services as a liaison and coordinator between the Senior Management and the Directors and is also the secretary of the committee, supported by the Head of Legal. Depending on the topics, the Director of accounting, the Director of investments, and the heads of key functions (Director of audits, Director of actuarial services, Director of compliance, and Director of risk management) 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-annual and annual financial statements as well as the references and scope of consolidation;
- › ensuring that the internal data collection and control procedures guarantee the quality and reliability of the Company's accounts;
- › 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 2020

In 2020, the Audit and Risk Management Committee met six times: 4 March, 31 March, 6 May, 28 August, 13 October, and 8 December. The participation rate was 96.7%.

In 2020, 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 2020 as well as ahead to fiscal year 2021; 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 2020 projected combined results, the 2021 budget, and the Group's operational strategy planning for 2022-2023;
- › 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 2019 combined, consolidated, and individual financial statements, the 2020 half-year combined and consolidated financial statements, and the Solvency 2 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 2019 registration document without the financial statements, which was filed with the Autorité des Marchés Financiers (AMF) on 28 April 2020 under number D.19-0370;
- › 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 2019 and 30 June 2020;
- › it regularly reviewed the execution of the audit plan as well as the implementation of the audit recommendations and the draft 2021 audit plan;
- › the committee devoted several meetings to subjects falling within the Solvency 2 prudential framework during which the following were presented to it, depending on the case, for an opinion or for information:
 - the entity and Group 2020 ORSA reports sent to the ACPR;
 - 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 revision of certain written policies subject to the approval of the Board of Directors;
- the monitoring of Group's risk tolerance dashboard;
- › it examined the semi-annual reports on major litigation under way within the Group and the report on internal control of the Company's plan against money laundering and terrorist financing;
- › it reviewed the 2020 reinsurance policy as well as the prospects for renewing the external reinsurance programme for 2021 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.

Follow-up of the statutory auditors' responsibilities

- › the committee reviewed the budget for statutory auditors' fees with respect to fiscal year 2019;
- › the statutory auditors presented to the committee their 2020 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 was informed of the audits conducted by various authorities and reviewed the draft responses or the action plan monitoring;
- › as is the case every year, the committee was informed about the authorisation to use forward financial instruments (FFI) to hedge the portfolio against equity, property, and currency risks and the renewal of the annual authorisation given to the Senior 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:
 - Daniel Collay, Chairman of the Groupama Paris Val de Loire regional mutual,
 - Jean-Pierre Constant, Chairman of the Groupama Méditerranée regional mutual, these two Directors having replaced Marie-Ange Dubost and Michel L'Hostis,
 - Walter Guintard, Chairman of the Groupama Centre-Atlantique 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 2020

During the 2020 fiscal year, the Compensation and Appointments Committee met on five occasions: 5 March, 22 April, 26 June, 15 October, and 8 December. Each time, the committee presented a report on its activities to the Board of Directors.

In 2020, 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 2019 for the Chief Executive Officer and examined the results of the 2017–2019 multi-year performance plan;
- › it reviewed the drafts of the universal registration document, the 2019 management report of Groupama Assurances Mutuelles relating to the compensation of Directors and corporate officers, and the corporate governance report as well as the 2020 compensation components to be submitted to the delegates for a vote;
- › it examined the compensation systems for the Chairman and the Chief Executive Officer for the 2020 fiscal year;

- › it finalised the Chief Executive Officer's variable compensation system for the 2020 fiscal year and the 2020-2022 multi-year performance plan and proposed the elements to build the 2021 variable compensation system.

Selection of a new Independent Director

- › the committee selected and recruited a new Independent Director, Chairman of the Audit and Risk Management Committee.

Verification of independence

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

Training of Directors

- › the committee proposed a training programme for 2020 and put forward a proposal for subject areas likely to be adopted for 2021.

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 2019;
- › it reviewed the draft questionnaire on the assessment of the work of the Board and the committees for fiscal year 2020;
- › 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 reviewed the compensation of the members of the Senior Management Committee;
- › it reviewed the 2019 equity ratios;
- › the committee also defined its programme of work for fiscal year 2021.

3.1.2.3 Strategy Committee

(a) Membership

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

- › two Directors representing the member mutuals:
 - Laurent Poupart, Chairman of the Groupama Nord-Est regional mutual,
 - Sylvie Le Dilly (Chairman of the Groupama Centre Manche regional mutual), since 1 July 2020, replacing Daniel Collay (Chairman of the Groupama Paris Val de Loire regional mutual); and
- › 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, who became Deputy CEO in charge of Strategy and Partnerships, Human Resources, and the General Secretariat as of 1 September 2020, as well as the General Secretary, who also handles the secretarial duties, and the Head of Legal are 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 2020

During the 2020 fiscal year, the Strategy Committee met twice: 22 June and 7 October. On each occasion, it presented a report on its activities to the Board of Directors.

The attendance rate was 100%.

During these two meetings, the committee:

- › provided a progress report on the work to analyse the impact of the Covid crisis on the Group’s strategy;
- › reviewed:
 - the Group insurance profitability plan,
 - the 2025 IS plan,
 - the corporate market strategy;
- › was informed of the plan to change the capital structure of an international services subsidiary.

Finally, the committee also defined its programme of work.

3.1.2.4 Membership of the committees

Since 28 August 2020, the membership of the committees of the Board of Directors is as follows:

Committee	Members
Audit and Risk Management Committee	› Elie Harari, Chairman
	› Caroline Grégoire Sainte Marie
	› Jérôme Moy
	› Jean-Louis Pivard
Compensation and Appointments Committee	› François Schmitt
	› Caroline Grégoire Sainte Marie, Chairman
	› Daniel Collay
	› Jean-Pierre Constant
Strategy Committee	› Walter Guintard
	› Isabelle Bordry, Chairman
	› Ada Di Marzo
	› Sylvie Le Dilly
	› 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 at the end of 2018, the 2020 assessment was carried out internally on the basis of a questionnaire 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 2021 and in the meeting of the Board of Directors of 11 March 2021.

With regard to the 2020 assessment, a majority of the responding Directors felt that the Board of Directors continued to operate in a stable manner despite meeting remotely. In particular, the discussed topics continue to be 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 quality of the relations between the Board of Directors and the Chief Executive Officer was highlighted, and the Directors felt that the Board of Directors is "sufficiently independent" to "completely independent" from the CEO.

All the Directors believed that the composition of the Board and the committees is perfectly suited to carry out their duties.

Generally speaking, the operation of the Board of Directors was considered satisfactory, despite sometimes having packed agendas, and the majority of Directors believed that the Board plays its role in all its areas of competence.

The items requiring attention raised by the Directors allowed the Compensation and Appointments Committee to define areas for improvement, which were proposed to the Board of Directors for 2021, particularly aimed at examining certain topics in more depth and reducing the impact of packed agendas.

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	Elie Harari
› 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 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
› 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).

Since 1 September 2020, Thierry Martel has been assisted by five Deputy Managing Directors: Cyril Roux, in charge of finance, actuarial services, audit, and risk activities; Christian Cochenec, in charge of France damage and IT activities; Rémi Lorenzelli, in charge of strategy and partnerships, human resources, and the general secretariat; Jean-François Garin, in charge of life insurance businesses; and Olivier Péqueux, in charge of international businesses.

Pursuant to the provisions of the French Insurance Code, Groupama Assurances Mutuelles has two effective Managers: Christian Cochenec and Cyril Roux.

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 Actuaire Français.

Current offices held

Served within the Group in France

Groupama Holding Filiales et Participations	› Non-Director Chief Executive Officer	Since 7 June 2018
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Served outside the Group in France

Colombus Holding (SAS)	› Permanent representative of Groupama Assurances Mutuelles, Director	Since 22 February 2019
Fonds Stratégique de Participations	› Permanent representative of Groupama Assurances Mutuelles, Director	Since 21 September 2015
Tikehau Capital Advisors (SAS)	› Director	Since 27 March 2020

Offices held from 2016 to 2020 no longer held by Thierry 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)

Served outside the Group in France

Compagnie Financière d'Orange Bank	› Vice-Chairman of the Board of Directors and Director (end of term 24 April 2020)
La Banque Postale Assurances IARD	› Vice-Chairman of the Board of Directors and Director (end of term 7 April 2020)

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 11 members as of the end of 2020 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.

In connection with this, 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.

It has not identified any conflict of interest between the duties of the persons referred to in point 3.1 and their private and/or professional interests.

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 38.3) 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 nine 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 2020 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 €668,664 was paid.

Certain Groupama Assurances Mutuelles Directors received attendance fees in 2020 as members of the Boards of Directors of subsidiaries of Groupama Assurances Mutuelles. The details of the compensation are summarised in the following table.

2020				
Members of the Board of Directors	Allowances and compensation	Compensation paid by subsidiaries	Benefits in kind or miscellaneous expenses paid	Total 2020
Isabelle Bordry	62,245			62,245
Daniel Collay	48,000	65,000	1,630	114,630
Jean-Pierre Constant	48,000	65,000		113,000
Ada Di Marzo	54,090			54,090
Marie-Ange Dubost	20,000	24,157	1,560	45,717
Sylvie Le Dilly	37,325	42,489	2,626	82,440
Walter Guintard	48,000	65,000		113,000
Caroline Grégoire Sainte Marie	86,050			86,050
Elie Harari	32,495			32,495
Michel L'Hostis	17,548	22,365	2,664	42,577
Jérôme Moy	30,581	43,480		74,061
Jean-Louis Pivard	48,000	65,000	4,055	117,055
Laurent Poupart	48,000	65,000	4,762	117,762
Bruno Rostain	40,730			40,730
François Schmitt	47,600	83,00	857	131,457
Groupama Regional Mutuels		585,000		585,000
TOTAL	668,664	1,125,492	18,154	1,812,310
Jean-Yves Dagès ⁽¹⁾	259,200		35,251	294,451

(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 2020, the allowances and expense reimbursements for members of the Mutual Insurance Advisory Board totalled €93,538 gross and €33,583.06 respectively.

The General Meeting of 7 June 2018 adopted a resolution concerning retirement benefits for Directors representing regional mutuels 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 mutuels 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 2020, 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 Operational Strategy Planning ("OSP") 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 2020 (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 Senior 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 2018. For the Group's entities, this policy constitutes the common reference to be respected in the deployment of their internal control processes.

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

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

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

Permanent control is implemented by:

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

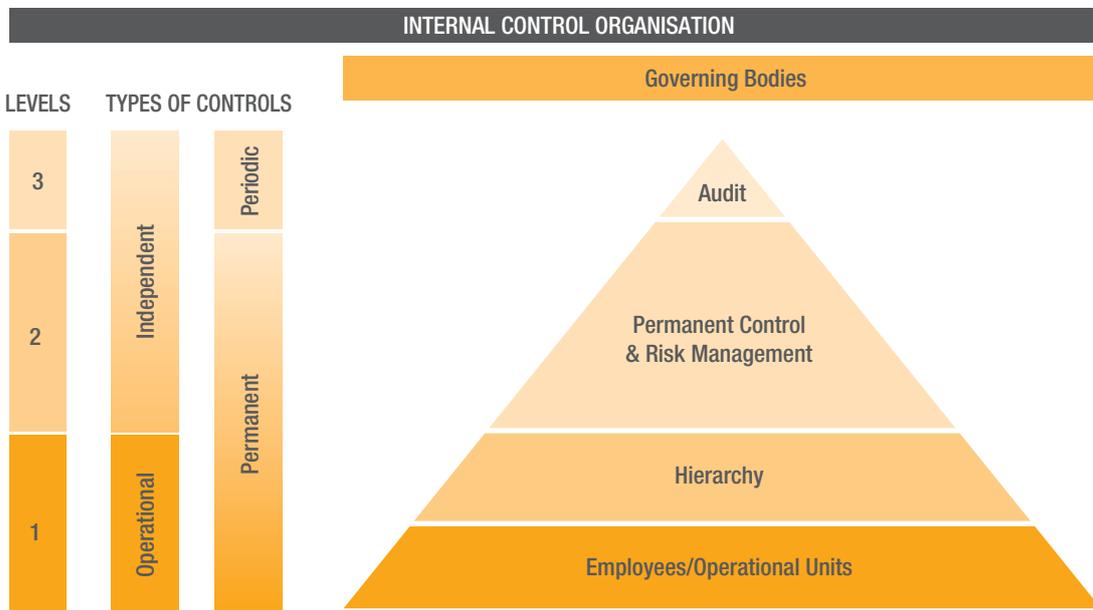
The internal audit function periodically assesses the adequacy and proper functioning of the permanent control system and provides a third level of control.

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

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

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

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



3.4.2.1 Principles of organisation

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

The Group General Audit Department and the Group Risk Management/Control and Compliance Department each manage and supervise the internal control system for the entire Group. In practice, they are in direct contact with the regional mutuals and the subsidiaries both nationally and internationally as well as with medium-sized companies. Each of these companies must include

in its scope all of its own subsidiaries and manage and oversee the implementation and monitoring of internal control systems in accordance with the principles and rules set out by the Group.

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

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

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

(a) Group Risk Management Department (DRG)

In terms of risk management, as of the end of 2020, 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 2020, 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 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 2020, the Group Operational Risk Management and Permanent Control Department (DROCPG) has a dedicated team of 15 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 2020, the major tasks undertaken by the teams in the Group Operational Risk Management and Permanent Control Department focused on:

- › assessing operational risks particularly on the basis of the Group nomenclature and the Group assessment methodology;
- › updating the nomenclature of operational risks;
- › deploying an updated version of the community operational risk management and control reporting tool;
- › supporting 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;
- › managing the network of risk and internal control officers and organising meetings to discuss experiences through regular workgroups and the COMOP (Operational Implementation Committee), attended by the ARCC (Risk Management, Control, and Compliance Audit) Managers of the main companies of the Group's France scope;
- › carrying out work to update and align the control plans deployed in the entities.

In addition to these actions to strengthen the risk and control system, the Group Operational Risk Management and Permanent Control Department, the Group Compliance Department, and the Group Risk Management 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 15 auditors. The Group General Audit Department's 2020 audit plan was approved by the Groupama Assurances Mutuelles Board of Directors.

The Group General Audit Department's 2020 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 Senior 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 2020 by the Group General Audit Department focused on three regional mutuals, two French insurance subsidiaries, one service subsidiary, one international subsidiary, and two “flash” audits. Three subsidiaries underwent process audits as part of cumulative audits. Lastly, three cross-functional audits were conducted or initiated (on revisable contracts, cybersecurity, and the audit function).

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 2020, 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 2020 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 2020.

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

(a) Within the entities

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

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

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

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

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

- › the “Risk Management” key function;
- › the “Compliance Verification” key function;
- › the “Audit” key function;
- › the “Actuarial” key function.

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

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

All of the Risk Management and Permanent Control/Compliance Managers of the Group’s entities supplement the plan and meet regularly within the framework of information exchange and best practices bodies (workgroups, theme-based workshops, and training), directed by the Group Risk Management, Control, and Compliance Department. An ARCC Operation Committee brings together the regional mutuals and the main subsidiaries of the Group’s France scope, with regular reports to the Group Executive 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 12 December 2019.

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/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 covers essentially the themes of the Group's core business as non-life insurance, mutual certificates, distribution of banking and finance products, asset management, and real estate, governed in particular by the French Insurance Code, monetary and financial Code, Consumption Code, and Commercial Code, the AMF General Regulation, as well as the regulations established by the supervisory authorities of these activities. 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:

- › Group Legal Department for aspects of regulatory oversight, interpretation of regulations, active participation in professional bodies, dissemination of legal doctrine within the Group, validation of non-life and life insurance products, methods of marketing them by the Group's various networks, customer protection, monitoring of delegations of authority, regulations on the fight against money laundering and terrorist financing, implementation of the law on the duty of care of parent companies and contracting companies, the anti-bribery component of the Sapin 2 law, etc., and compliance with personal data protection provisions. Lastly, through its training activities, it contributes to promoting the legal culture within the Group and advising and raising awareness of the operational functions of compliance with the applicable regulations;
- › Group Financial Department within the framework of compliance with the provisions of the French Insurance Code, the AMF, the French Monetary and Financial Code, and the Sapin 2 law and, in particular, for the issuance of mutual certificates;
- › 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;
- › Group Human Resources Department with regard to, in particular, the compensation policy as well as the management of conflicts of interest, the whistleblowing right, the ethics charter, and the Group Code of Conduct;

- › 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 accordance with the Solvency 2 requirements, the Group Compliance Policy is approved by the Board of Directors of Groupama Assurances Mutuelles. Its purpose is to ensure that Group complies with all laws and regulations as well as the standards issued by the supervisory authorities and the business practices to which the Group is subject in its various activities.

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

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

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

Each Group company:

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

The Group Compliance policy is reviewed at least every 12 months by the bodies that approved it and updated whenever an important event occurs.

For 2019, the Group Compliance policy was thoroughly revised to take into account the adjustment of the organisation of the Group

compliance system. The division of duties between the departments of the central body was modified in order to ensure operational efficiency and to strengthen the coordination of the Compliance Function within the Group.

3.5 RELATED-PARTY TRANSACTIONS

Related-party transactions are presented in Note 45 on related-party transactions to the consolidated financial statements for fiscal year 2020, 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 45 of the consolidated accounts.

3.7 FEES OF THE STATUTORY AUDITORS

The table of the statutory auditors' fees is detailed in Note 49 to the consolidated financial statements, chapter 7 of this Universal Registration Document. In 2020, like in 2019, 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

1,213 thousands of euros in 2020. In France, they are related primarily to due diligence related to the review of societal and environmental information, to Solvency 2 regulatory reporting and to the implementation of IFRS standards (in particular IFRS 9). Internationally, services concerned additional work provided for by local legislations.

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

This is a free translation into English of the statutory auditor's 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 conjunction with, and construed in accordance with, French law and professional audited standards applicable in France.

(Fiscal year ended 31 December 2020)

Dear Members,

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.

Agreement for a security and solidarity system

On 2 September 2020, the Board of Directors approved, regional mutual by regional mutual, the amendments made to the agreement on security and solidarity arrangements in order to incorporate the possibility of triggering the financial solidarity mechanism if the solvency ratio of one of the parties falls below a threshold of 100% without any transitional measure on Groupama Gan Vie's technical reserves.

Directors concerned: Mr Collay, Mr Constant, Mr Dagès, Ms Le Dilly, Mr Guintard, Mr Moy, Mr Pivard, Mr Poupart, Mr Schmitt.

Financing of major Group programmes

For the financing of major programmes, on 17 December 2020, the Board of Directors authorised the payment of grants to the regional mutuals in 2021 in order to:

- › support the development of the banking business (Orange Bank) for a maximum amount of €5.5 million net of corporate tax (at constant tax rates);
- › share in the cost of issuing mutual certificates in 2021 for a maximum amount of €16 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 €2 million, for the IT investment made in 2020 to develop the functionalities necessary to manage partnerships in the community IT.

In connection with this project, it also approved the mechanism of a grant relating to the DIAC partnership, taken over by Groupama Centre Manche, and authorised for this purpose the payment in 2021 to Groupama Centre Manche of a maximum grant of €0.75 million for 2020.

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

Directors concerned: Mr Collay, Mr Constant, Mr Dagès, Ms Le Dilly, Mr Guintard, Mr Moy, Mr Pivard, Mr Poupart, Mr Schmitt.

Grant to organisations and associations

On 17 December 2020, the Board of Directors authorised the payment in 2021 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, representing an annual amount for all the regional mutuals combined of €0.1 million including tax.

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

Directors concerned: Mr Collay, Mr Constant, Mr Dagès, Ms Le Dilly, Mr Guintard, Mr Moy, Mr Pivard, Mr Poupart, Mr Schmitt.

Covid grants to the regional mutuals

On 17 December 2020, the Board of Directors approved a Covid-19 grants paid by the regional mutuals in 2020 and authorised the payment of grants to the regional mutuals up to a maximum amount net of corporate tax of €0.75 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 Le Dilly, Mr Guintard, Mr Moy, Mr Pivard, Mr Poupart, Mr Schmitt.

Subsidy and debt write-off for Gan Assurances

On 17 December 2020, the Board of Directors decided on the grant and debt write-off for the financing of the iDéogan expenditure for fiscal year 2020 and authorised:

- › the payment of the annual grant mentioned above of up to €5.9 million gross to Gan Assurances,
- › a €0.1 million debt write-off.

Director concerned: Mr Pivard

Neuilly-sur-Seine and Courbevoie, 2 April 2021

The statutory auditors

PricewaterhouseCoopers Audit

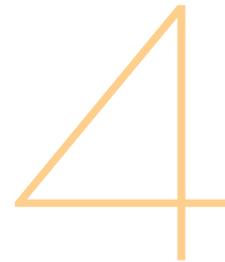
Christine Billy

Mazars

Nicolas Dusson

Jean-Claude Pauly

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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.

Our actions and measures initiated during the health and economic crisis in 2020 perfectly illustrate this sense of sharing and support for stakeholders.

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 2020 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; the next poll will be conducted in March 2021).

In terms of employer responsibility during the 2020 crisis, the key objectives were to preserve employee health, maintain team cohesion, and ensure business continuity.

› 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. Beyond our 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.

Support actions for all members and customers were very quickly implemented at the beginning of the health crisis, fully illustrating the local mutual insurance promise.

› 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 40 researchers and hundreds of projects and associations. A Rare Diseases Research Prize, worth €500,000, was launched in 2017. A social innovation prize is awarded each year. The Group also supports film creation and solidarity actions in Madagascar.

Once the events of 2020 began, the Group and its companies mobilised significant resources to support global public action and regional partners.

› 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 CO₂ 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 in recent years supporting the eco-responsibility of its customers and suppliers through its innovative insurance and financial offerings (behaviour-based pricing, renewable energies insurance, savings products, currently five funds with the SRI label in our range, and a

fund with the GreenFin label), 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. In 2020, Groupama announced its exit from “coal” investments in the OECD for 2030. Our forest assets represent a carbon sink of more than 10 million tonnes (CO₂).

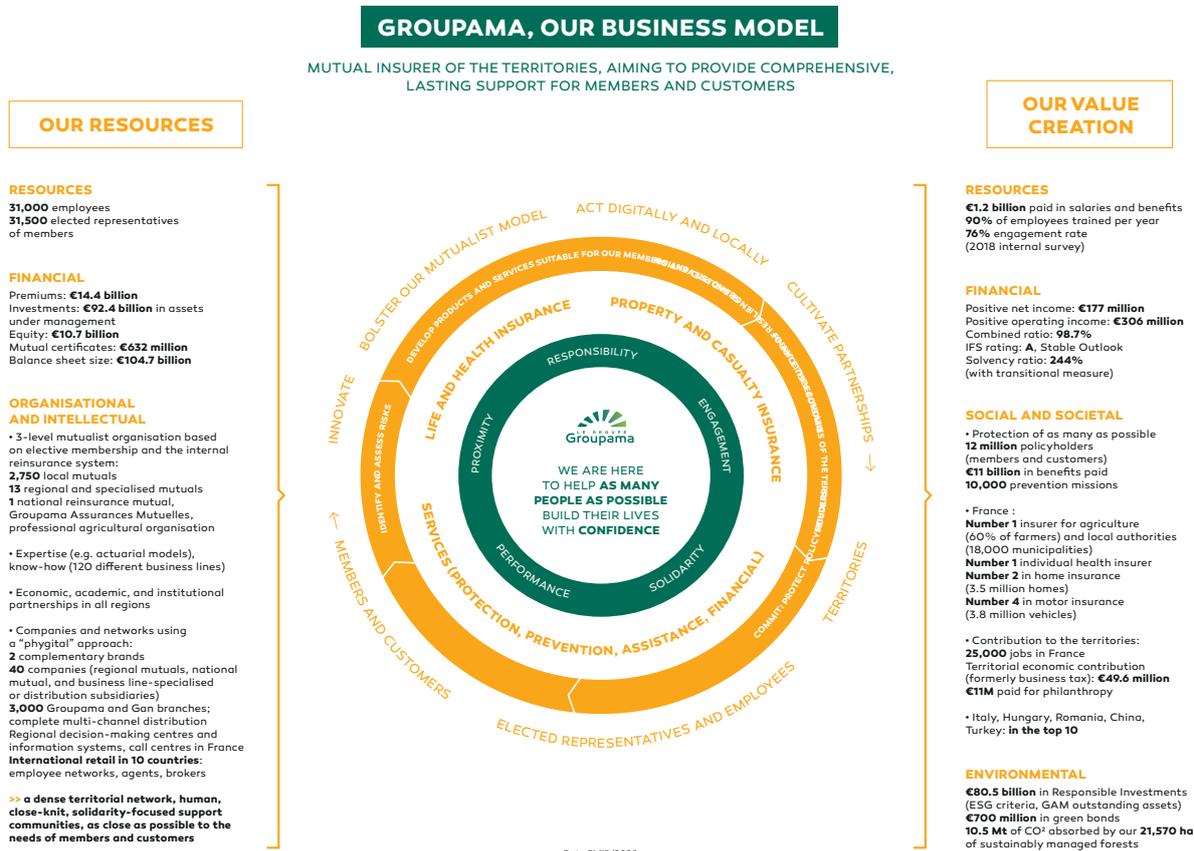
It will also be necessary to count on the likely changes in employee behaviour – the pervasive effect of regular campaigns on eco-behaviours, new habits adopted during the health crisis – but having an impact that is difficult to estimate at the moment.

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 2020, 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 4.1 of the 2020 “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).

Nearly 85% of the Group's business is carried out in France⁽¹⁾. In the total premium income for 2020, life and health insurance represented 48.6%, property and casualty insurance represented 50.1%, and financial businesses represented 1.3%. The Group has 31,000 employees⁽²⁾, with 80% working in France.

4.2.1.1 A dynamic of responsibility since our group began

Groupama's sustainable development policy is rooted in the very identity of the Group 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 people at its core focus, with the commitment to support and meet the lifelong protection needs of people and property in a constantly changing world, as again shown by the Covid-19 crisis.

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, the digital revolution, the current pandemic crisis—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 to 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, including its employees, even more in our performance to serve our customers. Priority actions for 2019-2020 and 2020-2021 were defined in this strategic framework.

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 economic activity, 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.

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, continued to be high in 2020 against the backdrop of the crisis: the Fitch agency again confirmed Groupama's rating of "A" (Strong) with a "Positive" outlook.

(1) In addition to France, Groupama is present in Italy, Turkey, Hungary, Romania, Slovakia, Bulgaria, Greece, Tunisia (35% stake in a group), China (in the form of a joint venture), and since 2020 Croatia.

(2) 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.

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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.

Our actions and measures initiated during the health and economic crisis in 2020 perfectly illustrate this sense of sharing and support for stakeholders.

On 8 December, Groupama announced additional efforts to help those most economically harmed by the health crisis, supplementing the many mutual insurance measures taken in 2020 by Groupama and its regional mutuals within the territories. Throughout 2020, Groupama’s 31,000 employees remained continuously mobilised to assist our members and customers with the support of our 31,500 mutual insurance elected representatives. Beyond the financial amounts that will weigh on the 2020 financial year (€400 million in overall contribution), Groupama is especially proud to have contributed to supporting the local economy by promoting direct distribution and local business, while fully playing its role as the leading agricultural insurer after a catastrophic year for harvests.

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’s Ethics Committee⁽¹⁾, which includes the Group’s senior 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 using 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 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 four pillars of CSR, with revised phrasing in line with current CSR topics. Each pillar now consists of three 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.

Discussions and work to develop the next CSR strategy will begin in early 2021. It will naturally take into account all the lessons learned from the current Covid-19 crisis.

4.2.2 CSR ISSUES AND ASSOCIATED RISKS

4.2.2.1 Risk assessment

In connection with order number 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⁽²⁾) and simultaneously construct an evaluation grid (matrix) for these risks, based in particular on the COSO method⁽³⁾. 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⁽⁴⁾. 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 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).

The list of risks described in the DPEF was validated again by the Group’s Ethics Committee on 17 November 2020. The mapping will be revisited once the Covid-19 crisis has ended in order to have all the available information and data necessary for a valid assessment.

(1) The Group Ethics Committee is a committee of the Group Executive Committee (CEG).

(2) 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.

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

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

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.

This document will discuss the impacts and actions implemented in favour of stakeholders during the health and economic crisis within each of the challenges and risks concerned.

4.2.2.2 Social issues and associated risks

In terms of employer responsibility, the key objectives during the 2020 crisis were to preserve employee health, maintain team cohesion, and ensure business continuity.

Human resources management is one of the pillars of our model. In this area, five risks⁽¹⁾ were identified, 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 also concerns 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 policies and actions implemented in recent years: 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;
- › negotiation of an SWP agreement at the Group level;
- › reviews of Directors (and succession plans) and staff;

- › compliance with the requirement to hold Annual and Professional Reviews (EAEP and EP);
- › training of Managers and salespeople (on products, new tools, regulations, etc., especially in life insurance) (context of implementation of IDD⁽³⁾);
- › creation of programmes to develop cross-functional skills such as Project Expert (PEPS).

The commitment to employability and the training were maintained during this fiscal year, which is a key issue for the sustainable development of the Company.

Three examples of the series of actions taken in 2020 were:

- work with the industrial partners on a group-level SWP, which will serve as a driving force for the SWP in the Company. The ambition is to build on a foundation of common measures and to increase synergies in terms of a forward-looking approach to skills and the development of professions as well as the promotion of social innovation with regard to resources intended for employees in order to develop their skills and build their career plan;
- the continuation of ongoing projects such as the community training kits on targeted themes (pros, GDPR⁽⁴⁾, etc.) and the innovative Skills project: concerning professions undergoing major transformation (DOSI, claims management, accountants), a dynamic skills management platform will be opened in early 2021⁽⁵⁾ to a set of employees to enable them to play a part in their career plan by requesting the necessary support;
- innovations in training methods, to continue and improve the impacts of training, particularly in this period of teleworking and the Covid-19 crisis; examples of initiatives: development of mobile learning (HUH app for coaching in English, Beedeez@GPVL for salespeople learning *via* their mobile phones, etc.) – short virtual classes on management, digital tools, interactive workshops, web cafés, etc. In the future, the training paths will be increasingly mixed, combining remote and face-to-face formats.

› Performance indicator

Rate of trained employees (rate of access to training = number of trained employees/total number of employees): 98.4% (100.7% in 2019); the rate of trained employees remains very high at more than 9 out of 10 employees.

The calculation method includes individuals who left the Company as of 31 December 2020 and is divided by the number of employees as of 31 December 2020.

› Additional indicators

Number of trained employees: -5.2%/2019; training hours: -20.3%/2019; expenditure: -27%/2019; share of e-learning: 25.8% (15.9% in 2019).

(1) See summary tables of risks in the appendix.

(2) Strategic workforce planning, SWP.

(3) IDD, see point 4.2.2.3.

(4) General Data Protection Regulation.

(5) 5 companies, 200 employees initially.

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A maximum number of training events initially planned in the classroom have been switched to e-learning, resulting in a reduction in the number of hours given the format and a decrease in related expenses. The organisation set up to mitigate the effects of the health crisis therefore made it possible to contain the negative cyclical impact on the number of employees trained.

(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.

The risk may be more acute in connection with a transformative corporate plan (deployment of the DCS⁽¹⁾, flex office, etc.). Increased vigilance will be needed where sites are restructured (such as the phased relocation to the Nanterre Campus since 2017 and its next steps initiated in 2021 as well as the current Bordeaux site consolidation project). The policies and actions implemented in recent years: the Group has developed a multi-level industrial dialogue organisation:

- › at the level of each company, with an organisation adapted to the regional scale, size, and business of the company;
- › at the UES or UDSG level⁽²⁾ making it possible to address subjects common to multiple companies; and
- › at the Group level, where the Industrial Dialogue Committee makes it possible to negotiate measures applicable to all employees.

Each level has its own industrial dialogue bodies and its own industrial agenda.

Also note:

- the establishment of a psychological support system for the Group and within the companies: confidential listening unit (“Céla”, renewed on 1 January 2021), assistance for caregivers, development of social events, 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 (from before the 2020 crisis, so in 2019, more than 3,200 employees had chosen one of the offered methods); the development of the quality of integration of newcomers, etc.

The major event during the crisis was the massive, rapid, effective deployment of teleworking: 20,000 people in France from the beginning of the lockdown (22,000 at the end of April or 97% of the workforce); also note that the Group did not resort to the partial unemployment financed by the national authority. For everyone’s

safety, travel and in-person gatherings were eliminated completely during the two lockdown periods (spring and fall 2020) and partially between these periods.

Recruitment, training, conventions, conferences, etc. were maintained using digital solutions that proved to be essential.

During the 2020 Quality of Life at Work Week, a series of workshops and webinars were offered about the impacts of the Covid-19 crisis (especially with regard to psychological health, management, and work/life balance).

The Group and its companies provided comprehensive support for the new situation created by the crisis for employees and Managers (extensive communication system and information meetings at regular intervals, messages from senior management, respect for the right to disconnect, particularly with regard to meeting times, employee perception surveys⁽³⁾ stronger promotion of the Céla system, information on the possible use of telemedicine, cultural sessions, taking paid leave or rest days at regular intervals, well-being, video sports, etc.).

The internal poll, to be conducted again in March 2021, will gauge the industrial climate of the Group and the companies, notably through the evolution of the engagement rate and the creation of a collaboration indicator.

Despite the Covid-19 crisis, our programmes and events were maintained. The challenge was to continue “working well together” by creating proximity despite the distance imposed by the lockdowns.

Some examples in 2020 include:

- continuation of the Coopér’action programme (in 2020, good teleworking practises, collaborative practises in the DCS, and team workshops) by the team of Facilit’acteurs – publication in late 2020 of a book dedicated to the achievements of the Group⁽⁴⁾ which was awarded the prestigious 2020 Prix des Entreprises Nouvelle Génération (NextGen) for this initiative;
- the 2020 POCAIMON Group Challenge, 11 projects, aimed to encourage and highlight artificial intelligence initiatives with high added value carried out by all of the Group’s entities.

› Performance indicator

Group absenteeism rate (France + international): 7.6% (7.3% in 2019).

The increase was within the France scope (+0.5 points) on the illness component. Although there is no possibility of verifying this hypothesis, the Covid-19 factor could explain part of this increase.

The negotiation of an agreement on the SWP continued in 2020 within the Group Industrial Dialogue Committee. Marked by the health crisis, 2020 was an opportunity to experiment with new practices with the industrial partners at the Group level, in particular by holding several meetings of the Group industrial dialogue bodies remotely (Group Committee, Group Works Council, European Works Council, and EWC Board, etc.), including negotiations in connection with the Group Industrial Dialogue Committee.

(1) *Digital Collaborative Space.*

(2) *UES and UDSG correspond to Groupama employer groups.*

(3) *Example: survey of Groupama Assurances Mutuelles (GMA) employees, Nov. 2020: 83.4% are handling teleworking well, and 86.2% feel that their working conditions are good.*

(4) *“La coopération pour transformer”, our second book as part of our partnership with the ESSEC Chair of Change Management.*

(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.

The policies and actions implemented in recent years: in particular, the Group 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.

The review of the Diversity and Equal Opportunities agreement began in the Group Industrial Dialogue Committee meeting in January 2021.

In addition, 2020 showed the continuation of our actions in these areas, for example:

- › regarding gender equity, the launch in September 2020 of the 3rd session of the Mentoring by Groupama programme with the participation of 50 women (25 mentors and 25 mentees with potential) from eight of the Group's companies; in November 2020, for the second consecutive year, the action plan on professional gender equality within EU institutions;
- › diversity: opening up to young people with remote recruitment operations (including work/study participants with "Nos Vraies Rencontres Jeunes Talents" ("real young-talent event"), etc.) - 2nd edition of the Real Challenge by Groupama (open-innovation projects led by teams of students from more than 100 schools, 900 participants, 30 teams) - for the 2nd consecutive year, Groupama was among the Top Favourite Companies for 2020, 3rd place, number 1 mutual insurance company, students and young graduates in the Insurance category (Epoka);

- › support for young people: the Group's companies are heavily involved. In addition to the recruitment mentioned above, they have been active for many years in the various aspects of building their lives, often through partnerships with associations; for example, in tutoring, such as Proximité, access to or training in digital technology (e.g. Becomtech), support towards building a professional life with sessions to learn about professions, or support during the first years (lending of office space for startups, startup philanthropy, etc.) and financial philanthropy provided to schools, sports associations, etc. Some companies have signed the "Charte Entreprises & Quartiers" charter, which became the PAQTE in 2018;
- › disability: Disability agreements* in force and, in November 2020, the updated "being a family caregiver" guide made available to employees; changes in the accounting (even more demanding since 2020) of the employment of people with disabilities (TH) led us to strengthen our TH recruitment/recognition policy.

In 2020, three of the Group's entities were candidates and obtained the Top Employer certification: Groupama Assurances Mutuelles (GMA) (Groupama is one of two French insurers to have this certification), Groupama Assicurazioni, and Groupama Asigurari. In addition, Groupama Greece was awarded the GreatPlaceToWork label for the second year.

› Performance indicator

Gender equality (Group):

- rate of female executives/number of executives: 48.9% (48% in 2019);
- rate of female senior executives/number of senior executives: 25.9% (25.2% in 2019).

› Additional diversity indicators

- 858 work/study trainees (France), rate of conversion of work/study trainees to fixed-term or permanent contracts: 31.4% (29.6% in 2019);
- Group disability: 1,080 employees with disabilities, or 3.9% of the total number of permanent contract employees, stable compared with 2019; permanent contract rate: 97.6%;

* A new UES agreement "on employees with disabilities or supporting a member of their family affected by illness or disability" was signed unanimously by the representative trade unions on 20 November 2020 for a fixed term of three years. Following on from the 2018 agreement, this new agreement is intended to meet the objectives of recruitment, inclusion, and professional training of employees with disabilities as well as raising awareness of disabilities, adapting to the needs of employees with disabilities and keeping them employed, and other objectives. It incorporates all the provisions of the previous agreement entered into in 2018 and, for the coming years, focuses on reinforcing the role of the disability liaison officer, the recruitment of employees with disabilities, in particular on a work/study basis, and the expansion of schemes for donation of days.

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

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- France disability: 993 employees with disabilities, 97.7% on permanent contracts.

On the other two issues/risks (respect for employees, consideration of social impacts in site restructuring/reorganisation):

(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 is done.

When our employees returned to their sites (offices and branches) during the Covid-19 crisis, the greatest precautions were taken to protect them, such as distribution of masks to all (required to be worn) and regular disinfection of the premises. A complete system (alert procedure in case of suspicious cases, booking for site access in order to comply with a maximum capacity) was organised as soon as possible. A WelcomeBack app was developed in some of the Group's companies for additional employee comfort.

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 (Céla)⁽¹⁾, QLW⁽²⁾, e-learning modules, training to manage customer aggression, etc.).

A confidential, secure whistle-blowing system able to be activated by each employee is online on each intranet (possibility of anonymous alerts since 2020). 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.

The prevention of psychosocial risks (PSR) and the preservation of the physical and mental health of employees constitute a major focus of the social policy of Groupama Assurances Mutuelles and the Group's companies. The 2020 health crisis and the widespread implementation of teleworking created a new situation and brought about profound changes that, beyond the legal obligations, motivated us to develop and add to the existing means of prevention. In 2021, the management of Groupama Assurances Mutuelles will initially embark on a new PSR diagnostic process in connection with the assessment of occupational risks. It will aim to assess the level of employee exposure with a view to later defining the necessary preventive measures to be implemented.

At the Group level, the agreement on Quality of Life at Work will be reviewed with the industrial partners in the Group Industrial Dialogue Committee in 2021.

› 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⁽³⁾ Guidelines for Multinational Enterprises, the ten principles of the UN Global Compact, and the EU charter of fundamental rights.

Lastly, the issue of consideration of social impacts in the event of restructuring/reorganisation of businesses/site 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⁽⁴⁾ 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".

(1) Psychological support, legal assistance, etc.

(2) Two e-learning courses updated in 2020.

(3) Organisation for Economic Cooperation and Development.

(4) See summary tables in the appendix.

(a) Covid-19 crisis and responsibility to our policyholders

Since the beginning of the health and economic crisis, the reorganisation of our logistics and operational chains has been essential in order to ensure continuity of service for our policyholders.

Support actions for all members and customers were very quickly implemented, fully illustrating the local mutual insurance promise. Groupama published an “open letter to its 5 million members and customers” on 17 April (in the national press and 66 titles in the regional press): the mutual insurance group has mobilised all its resources to support those who have been able to continue working and those who cannot and to prepare for an inclusive recovery.

More than €100 million was devoted to expressions of solidarity with policyholders of all categories (individuals, pros – including medical staff, farmers, local authorities, and businesses): specific assistance initiatives and action and Communications Plans (informing, guiding, providing remote support, including prevention advice); a million telephone calls made by the regional mutuals during the year (200,000 in a normal year).

This support was aimed primarily at entrepreneurs who have lost any source of income due to the ban on their working as well as vulnerable people who have to protect themselves from the virus more than others.

Aware of their social responsibility, the Group’s companies have maintained guarantees in case of payment difficulties, provided contribution reductions or discounts on certain policies, cancelled premiums or halted payment reminders, and paid daily allowances for vulnerable people (pregnant women and the chronically ill).

Specific measures were targeted, for example, at farmers holding TMA⁽¹⁾ (refund of two months of contributions) to thank them for their role in feeding the population. Personalised measures were implemented to help professionals in hardship pay their contributions, and the Group contributed to the national solidarity fund (see section 4.2.2.5.). For example, six months of business damage liability contributions were refunded (representing the 2nd half of 2020), and there will be no rate increases in 2021. Some companies reimbursed food losses for restaurant owners who had to shut down as a matter of urgency after the lockdown was reinstated (and who had this cover, which is normally not activated in the event of an administrative closure for a pandemic).

In addition to insurance measures, Groupama took initiatives to support the business of our agricultural and professional members and customers, like for farmers, participation in measures to find labour (“Des bras pour ton assiette”, “Groupama à vos côtés” on groupama.fr), or the promotion of the Granvillage platform, which saw an increase of 40% in the listing of new producers. For pros, Groupama’s companies distributed vouchers to be used with

partner retailers, themselves often members. For our “pros” advisors, the Pro’ximité service was launched (all the useful information about supporting pros during the crisis, financial aid, assistance, protective measures, etc.), which won the 2020 silver prize in the Trophées de l’assurance in the Exceptional Circumstances category.

In December 2020, Groupama confirmed that it will apply the agreement reached in Bercy between the Minister of the Economy and Finance and insurers. It will implement the measures announced for 2021 to support hotel operators, café owners, and restaurant owners as well as businesses and professionals in the tourism, culture, entertainment, and sport sectors with up to 250 employees.

These additional efforts to help those most economically harmed by the health crisis, supplementing the many mutual insurance measures taken in 2020 by Groupama and its regional mutuals within the territories (see section 4.2.2.5). Throughout this year, Groupama’s employees remained continuously mobilised to assist our members with the support of our mutual insurance elected representatives.

(b) 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⁽²⁾. 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.

(1) Tractors and farming equipment.

(2) 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.

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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).

› Covid-19 crisis

Special webinars were organised for advisors to better inform them of the situation of the markets and policies. Across the territory, the advisors and agents of the Groupama and Gan networks were there to answer questions and help each member take the best decisions based on the characteristics of their investments.

› Performance indicator

Deployment of the iVie sales support tool in the regional mutuals and with all the sales forces. Rate of business in delegated management and recommended allocations/total business completed as a number (including independent management) = 86% in 2020 versus 61% in 2019 (monitoring of actions, in terms of number, done in iVie). The tool was partially deployed in 2018 and 2019. It has been fully deployed in the regional mutuals since the end of 2019.

(c) 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⁽¹⁾ Programme since 2013 (which has significantly raised the NPS⁽²⁾); 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 NPS increased again by 3 points in 2020 compared with 2019.

The regional network is a strong advantage in the relationship with members and customers. Each year, 300,000 members participate

in the General Meetings of our 2,750 local mutuals (arrangements to allow remote General Meetings to be held with simplified formats were put in place in 2020 given the health crisis⁽³⁾), which gives our policyholders decision-making power within the mutual insurance company, particularly 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).

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 and their covers, certificates, the ability to report claims⁽⁴⁾, etc.), and the use of e-signatures increased significantly (1,480,000 in 2020, an increase of 530,000 signatures in two years). Some of the Group's companies are developing video experiments in branches or mobile branches (Groupama Car).

Many actions are taken to facilitate the life of policyholders, such as the Gabriel pocket assistant (for everyday accident (GAV) policies), the Mon Droit website, the Digicar Web app, which won the 2020 Argus d'Or for customer innovation, and education on the offered solutions (Cerise videos, rewriting of certain brochures).

› Performance indicator

- Proximity and support (criteria: listening, clear responses, monitoring of adapted policies and covers): Groupama made a bit of progress and scored 13.66/20 points in 2020 (13.60 pt in 2019) in a declining market this year (13.39/20 in 2020; 14.07/20 in 2019), which placed Groupama above the market average;
- quality of claims management: Groupama went up 1 point to 48% Very Satisfied and went down 1 point to 80% Satisfied and Very Satisfied (internal survey, claims less than one year old) – the processing of claims was generally well received, as the NPS among our members and customers who had this experience during the year was better than the others.

(d) 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.

(1) Customer Satisfaction Improvement.

(2) Net Promoter Score (NPS).

(3) Closed meetings with a limited number of individuals present and with appropriate means of telecommunication.

(4) Note: It is also possible to report weather-related claims online (farmers with access to "Front Espace Climat").

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), including faster placement in production of offerings.

Groupama has an exceptional field network, in France and internationally, and elected representatives (31,500 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.

Services are expanding, particularly in health (nutrition portal and launch of Mon Kiosque Santé, enrichment of the Sévéane care network, medical teleconsultation in all policies, and multiple personal services to help people get going again).

Groupama, the insurer of the territories, is also involved in studies to combat “medical deserts” by working on service solutions with municipalities and physicians.

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, Argus d’Or 2020). Over the first half of 2020, annualised growth of 60% in savings/pension plans (PER).

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. The initial work in this area began in 2020 with the Insurance Department in France.

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).

Cyber Up, cyber risk insurance for local authorities, was launched in 2020.

With regard to agricultural offers, in 2020 Groupama continued to ramp up its products and services for the pluriactivity and multidisciplinary of farmers, who play a vital role; Groupama launched a dedicated communication campaign in February 2020: “Farmers. Essential to the world”.

The resilience of farmers is essential. We are attentive to developments and new expectations in the sector, which create new risks and to which Groupama is already prepared to respond (direct distribution, energy transition, agro-ecology, cyber risk, etc.). Lastly, note that farmer income is secured with the Protélis solution (saving) and the partnership with Miimosa, the first crowdfunding platform dedicated to agriculture and food.

› 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”.

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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, for many years, the Group has worked with its partners to provide the “Dix de conduite jeunes” and “Dix de conduite rurale” safe driving training.

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 to individuals, professionals, and businesses for several regional mutuels. The Predict prevention service for local authorities includes support in preparing operational risk management documents required by prefectures, such as the Local Response Plan (PCS) and 24/7 expert support for anticipated risk information. Local authorities benefit from a dedicated Web 4 space, combined with personalised warnings at the municipality level. Thanks to these adaptive solutions, numerous safety measures are initiated each year.

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 (12 centres dedicated to road safety, of which Groupama is an equal shareholder with the motorway companies and the Caisse des Dépôts):

- › opening of a twelfth Centaure centre in the Paris region in 2020;
- › Centaure with Preventis Card Pro is recognised by the government application dedicated to the CPF⁽¹⁾. 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;
- › trainees’ vehicles undergo a 10-point safety check with driver involvement as part of instructional efforts;

- › in 2020, Centaure continued the partnership 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

Rate of people (internal and external) made aware of prevention actions: awareness actions were carried out with 56,767 people in 2020 (94,083 in 2019), representing a rate of 200% relative to the Group workforce.

The health crisis has had a major impact on the preventive actions usually deployed. All actions that could be performed remotely were maintained, making it possible to reach 60% of the number of people who underwent awareness efforts in 2019 despite the crisis situation.

› Centaure indicator (driving centres dedicated to prevention)

Number of trainees in the Centaure road accident prevention centres in 2020: 22,894 (38,115 in 2019). The decrease is significant compared with 2019 due to the impact of the health crisis: closure of the centres with each lockdown and much more limited employee travel for training. In addition, the health measures applied to protect trainees and our employees limited the admission capacity by reducing the size of groups.

(e) 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, in accordance with the regulations. 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⁽²⁾ came into force on 2 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.

(1) Personal Training Account.

(2) General Data Protection Regulation.

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⁽¹⁾. This function is subject to a whistle-blowing duty and must report on activities by preparing an “annual activity review” presented to the data controller and held available for the CNIL.

With regard to personal data, compliance control is one of the duties carried out by the France DPO & Group CPO and his/her teams. The compliance of personal data processing covers not only the above topics pertaining to the Group’s core business (non-life insurance, life insurance, Asset Management, real estate, etc.) but also all other topics as long as personal data are concerned (e.g., human resources, video surveillance devices, service activities, etc.).

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 whistle-blowing 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.).

Also in 2020, the Group’s companies wanted to reinforce the vision of their compliance with the regulations. The Group Executive Committee implemented a cross-functional programme under the coordination of the DPO to ensure that each company complies with the various aspects of Personal Data Protection and, where appropriate, initiate the necessary corrective measures. This programme is an additional guarantee for our customers of the importance that Groupama attaches to protecting their personal data.

› Performance indicator

Rate of GDPR training for newcomers: 85.4%

This rate counts training events completed. Taking into account training events in progress, this rate is 90.6%.

This indicator was introduced this year because it reflects the importance for the Group of the precaution taken in the collection and use of data, both for its employees in their relations with the customer and in their personal lives. With this in mind, the Group strives to train its newcomers as soon as possible after their arrival.

Regarding the other issues and associated risks (indirect impact of policies, responsible procurement, socially responsible investments)⁽²⁾:

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

(f) The issue of responsible procurement

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⁽³⁾), 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.

There are several actions that illustrate the consideration of this issue by the Group:

- › specific GDPR training for buyers and employees (100% of buyers in the Procurement Department of Groupama Supports & Services trained and 100% of procurement correspondents in the regional mutuals trained);
- › several entities, including Groupama Supports & Services, have a supplier risk monitoring tool to monitor suppliers with which contracts have been entered into (K-Bis, payment of social security contributions, and list of employees subject to a declaration of work).

In 2020, a specific plan was rolled out to reinforce purchases by Groupama Supports & Services from companies employing people with disabilities with prior determination with buyers in priority sectors.

During the Covid-19 crisis, the Group did not reduce its orders and was one of the six companies of the “Collectif des entreprises pour une économie inclusive” to have purchased masks (200,000) through the Resilience channel offered by this entity.

(1) French national data protection commission.

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

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

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Also in 2020, the Procurement Department of Groupama Supports & Services carried out various actions on a larger number of purchasing categories, such as:

- › a call for tenders made it possible to offer an accessibility service to the Group's customer services for the deaf and hearing-impaired;
- › in IT services, the GESAT network company was added to the list of approved service providers;
- › for the maintenance of a portion of its property assets, Groupama established a tripartite contract with a leading company in this area to integrate people with disabilities.

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

Addressed in 4.2.2.6.

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

This issue is defined and controlled at Groupama, and the work to make these analyses more thorough continues. The consideration of environmental/weather-related issues in investments is addressed in section 4.2.2.4.

For 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⁽¹⁾. To affirm this commitment, Groupama Asset Management established an ESG Strategy Department in 2018 to accelerate the integration of ESG into all portfolios.

It should also be noted that Groupama Asset Management has an active shareholder engagement policy, based on PRI⁽²⁾ 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 2020, the Group offered three SRI funds (G Fund Equity Convictions ISR⁽³⁾ in Eurozone equities, G Fund Crédit Euro ISR in Eurozone bonds) and G Fund Future For Generations (a fund invested in securities that support 9 of the 17 UN Sustainable Development Goals), managed by Groupama Asset Management.

In December 2020, two new funds were submitted for the SRI label: Groupama Convertibles and Groupama État Euro ISR. The awarding of the label will be formalised in early 2021.

In October 2020, Groupama Asset Management launched the thematic fund G Fund New Deal Europe to prepare for the "world after", invested in European securities at the forefront of ongoing societal and economic changes and working to secure or relocate production or prevent or treat diseases. This fund will be submitted for the France Relance label in January 2021. Lastly, Groupama Asset Management had already 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.

In 2020, for the first time, the SRI (Socially Responsible Investments) assets under management of Groupama Épargne Salariale exceeded €1 billion. Since it was formed, Groupama Épargne Salariale has taken a CSR approach for its offering of financial vehicles intended for the 131,000 employees of 15,600 customer companies. In addition to the long-standing funds with the SRI label since 2003 issued by the French Inter-union Employee Savings Committee (CIES), new SRI funds were added to this offering in 2020, in particular the GF Equity Convictions ISR, G Fund Credit Euro ISR, and G Fund Future For Generations funds, which all have the public SRI label, or the GF Global Green Bonds fund with the GreenFin label.

Another significant factor was the growth of online enrolment, which increased for regional mutuals from 24% at the end of 2019 to 83% in December 2020. This 100% digital solution enabled the sales teams to develop their portfolios through video meetings as well as quick and easy remote enrolment. Despite the lockdown circumstances, 1,172 new companies signed up (almost as much as in 2019).

The first lockdown period also made it possible to promote paperless incentive bonus or profit-sharing campaigns, the expected effects of which are a reduction in mailings and flexibility of responses for savers. In particular, this allowed gross inflows to increase by 13% to €212.7 million.

⁽¹⁾ 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.

⁽²⁾ PRI: Principles for Responsible Investment.

⁽³⁾ New name of the Euro Capital Durable fund in 2020.

The advances of the PACTE law, which allows the value created by companies to be better shared, were fully highlighted with the release on the market of the PERCOL (which replaces the PERCO). Since the beginning of 2020, nearly 10,000 companies have signed up for this new plan, in particular by transforming the former PERCO plans.

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

In May 2020, Groupama co-signed an opinion piece in the daily newspaper *Le Monde*, "Mettons l'environnement au cœur du rebond collectif", a collective declaration by French and international business leaders calling to make the environment a core focus of the economic recovery.

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⁽¹⁾.

(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.

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 (assess the alignment of our portfolios with a scenario of maximum global warming of 2⁽²⁾). The priority methodological approach used in the SDA (Sectoral Decarbonization Approach), which is the main 2 °C objective methodology recommended by the Science-Based Targets (SBT) initiative⁽³⁾;
- › 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 road map since November 2018 (withdrawal from coal and oil sands; €1 billion in green investments in 3 years by 2021; training and instruction within the Group (national and local elected representatives, operational committees, etc.);
- › a certification policy on the property (in 2020, 43% of the surface area was certified);
- › responsible investments in infrastructure finance funds and green bonds.

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

(2) Objective of the Paris Agreement.

(3) SBT is an initiative led by WWF, UN Global Compact, WRI, and CDP to engage companies in the 2 °C alignment.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Declaration of Extra-financial Performance

At the end of 2020, Groupama had more than €700 million in green bonds⁽¹⁾ and is a shareholder for €113 million in wind and solar farms.

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 early 2020, Groupama Asset Management earned the GreenFin⁽²⁾ label for the “G Fund Global Green Bonds” fund, a new bond-picking solution invested in “green bonds” (securities offering returns and environmental benefits).

The year 2020 was marked by a series of significant events:

- › on 9 December 2020, Groupama committed to a definitive phase-out of thermal coal in its investment portfolios (zero exposure by 2030 at the latest for companies in countries of European Union and the OECD, almost all of the current coal assets), and the Group has decided to phase out any company whose revenue or energy production mix is more than 20% based (and no longer 30% as announced in 2018) on thermal coal⁽³⁾. In addition, Groupama has also committed to divesting from companies whose annual production of coal exceeds 20 million tons and those whose installed capacity in coal-fired power plants exceeds 10 GW⁽⁴⁾.
- › with regard to property assets, Groupama is one of the “game builders” and contributes its expertise to the athletes village project for Paris 2024 by participating in the construction of an eco-neighbourhood in Saint-Denis; 2020 saw the launch of The Link in La Défense (two connected towers), which will be certified “HQE Exceptionnel” (delivery in 2025) and is owned by Groupama, and the “Booster de Réemploi”, an innovative digital circular economy project led by Groupama Immobilier with the assistance of other institutional players to promote the reuse of building materials.
- › Groupama increased its forest assets from a forest in the Eure region in early 2020, bringing the area of assets to 22,000 ha, managed sustainably (PEFC certification)⁽⁵⁾. A Low-Carbon label project is under consideration.

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 LTE, the French energy transition act) report. The 4th edition of this document, available on our website groupama.com, was published in June 2020. The next edition is expected to be released in June 2021.

› Performance indicator

Amount of responsible investment – assets managed according to ESG criteria – by Groupama Asset Management: €80.5 billion in 2020 (€76.1 billion in 2019), or 74% of total assets under management at 31 December 2020, a stable proportion compared with 2019.

(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 4.2.2.3., 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: several studies were conducted in partnership with Météo-France on the basis of global climate models (GCM), regional climate models (RCM), and IPCC⁽⁶⁾ 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 (NatCat⁽⁷⁾, forces of nature, storms) are already assessed in insurance risks (non-life underwriting risks). Application of NatCat regulations and knowledge of the underwriting risk (verification of flood-prone areas, etc.) ensure that the risk is well controlled.

(1) Green bonds held directly in France mandates.

(2) Created by the Ministry of Ecological Transition, this label guarantees to savers that the fund effectively contributes to funding of the energy and ecological transition.

(3) Details in the press release of 9 December.

(4) Thresholds currently adopted by the Global Coal Exit List, on which Groupama’s “coal” policy is based. This list is provided by the German Non-Governmental Organisation (NGO) Urgewald.

(5) See Groupama Forests box, section 4.2.3.2.

(6) Intergovernmental Panel on Climate Change, IPCC, an intergovernmental body open to all UN member countries.

(7) Natural disasters.

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 in 2020 (in particular, in September/October following the Cévenol episode and Storm Alex).

Regarding exposures, we assess reconstruction costs as well as operating losses in the event of natural or man-made hazards⁽¹⁾ 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.

Groupama is actively involved in the profession's work on natural disasters, in particular on drought phenomena on buildings and flood modelling, and currently chairs the MRN⁽²⁾.

› 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⁽³⁾ at Groupama Assurances Mutuelles and the regional mutuals) is called upon. Some examples in environmental TPL⁽⁴⁾: 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.

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).

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.). Groupama participated in work done at the European level (in connection with the CRO Forum⁽⁵⁾) to arrive at a common methodology proposals on this subject in 2020. In keeping with its CSR strategy, the Group plans to implement a process to measure this footprint in the coming years.

In terms of adaptation or mitigation of climate change or preservation of the environment, note the following:

- in multi-risk home insurance, the offerings include cover for home equipment producing renewable energies, and Groupama pioneered an environmentally friendly "new for old" programme for household appliances requiring replacement;
- in motor insurance, the Centaure centres enabled 8,283 trainees to complete an eco-driving module in 2020 (36% of Centaure trainees) (2019 data: 18,920, a sharp decrease due to the Covid-19 crisis);
- in motor damage insurance, Groupama contributes to the circular economy: repairing (rather than replacing) 33% of bumpers and shields in 2020 (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, and with a drone the calculation of nitrogen modulation maps for wheat and rapeseed; these are reduced costs, better production, and a positive impact on the environment;
- Groupama has been part of the Contract of Solutions initiative set up as an association since the beginning of 2020 in order to reduce the use and impact of pesticides (sheets of solution for farmers);
- 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 a major contributor to public reflection on the development of weather insurance;
- Groupama is the leader in insurance and prevention on methanisation activities, with 60% of French methanisation units insured;

(1) Man-made perils.

(2) Mission des Risques Naturels, an association within the framework of the Fédération Française de l'Assurance (French insurance federation).

(3) Full Time Equivalent.

(4) Third-Party Liability.

(5) Chief Risks Officers Forum.

- the prevention and alert services of Predict⁽¹⁾, a subsidiary of Météo France, are now accessible to all customers of the Group. The mobile app Groupama-Predict allows customers to receive messages about key information to anticipate and manage a risky meteorological phenomenon. The Group's companies provide disaster recovery advice after incidents to help protect people and property and rebuild;
- the notion of environmental damage was introduced in the French Criminal Code in 2016; this cover is integrated into our environmental TPL offerings.

Groupama-Predict, a partnership to improve resilience to weather-related risks. Initiated in 2007, this partnership now allows nearly 20,000 local authorities and millions of citizens to be warned in advance, with 24/7 warnings of approaching risks at the municipality level. An innovative, proven solution. During Storm Alex, 578,000 text messages were sent to Groupama members and 6,500 municipalities were gradually informed in advance of the situation.

"Rebuilding our food sovereignty": In 2020, Groupama and six other major agricultural organisations signed the appeal that proposes sealing a "confidence pact" with French citizens based on the commitment of players in the agricultural and food sectors and territories to contribute to the fight against global warming through carbon storage, the development of biodiversity, the integrated use of inputs, the relocation of certain productions, and the development of shorter distribution channels.

Risks of storms, NatCat, forces of nature, and weather-related risks on harvests (or MRW) are addressed in connection with the Group's "Major Risks" plan as well as risk accumulation (technical): this plan consists of annual monitoring of each risk concerned, which makes it possible in particular to be as close as possible to the evolution of weather-related risk events.

› Performance indicator

Rate of change in the number of "infrequent driver"⁽²⁾ motor policies in the portfolio: 799,186 policies (+6.4%/2019), or 28% of the portfolio of the regional mutuals. These plans continue to develop in response to growing demand.

› Other indicators with an "environmental" dimension⁽³⁾

- Number of electric vehicle policies: 14,594 policies (+22%/2019)⁽⁴⁾;
- Number of corporate environmental TPL policies: 1784 Garden policies +8.06%/2019; and environmental cover in corporate TPL: presence in approximately 3,900 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.

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...

€49.56 million was paid to local authorities in the form of the territorial economic distribution (CET) in 2019 (the amount for 2020 will be known in spring 2021).

€11 billion in benefits were paid in 2020⁽⁵⁾ 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 large metropolitan cities. In 2020, these events took place remotely.

Approximately 45% of the Group's purchases (excluding insurance purchases) were made from VSE-SMEs. In connection with the Collectif des entreprises pour une économie inclusive, the Group shares good practices with its peers in order to develop local or "inclusive" purchases (purchases that promote the development of the territories, diversity, the development of VSE-SMEs, or the SSE⁽⁶⁾).

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 €624 million overall, including €50 million collected in 2020. The regional mutuals are reinsured by the national mutual, Groupama Assurances Mutuelles.

(1) The partnership with Predict, initially on flood risk, has been gradually extended to storm, coastal flooding, heavy snowfall, heat wave, and extreme cold.

(2) Less than 8,000 or 10,000 km depending on the brand.

(3) With environmental characteristics or environmental objectives.

(4) The Amaline brand disappeared in 2020.

(5) The exact figure is €10.982 billion, including €9.4 billion in France, combined scope (France and International), excluding claims management costs.

(6) Social and Solidarity Economy.

Groupama invests in economic players having a positive impact on the territories and maintains close ties, often in the form of partnerships or agreements, with professional bodies (chambers of trades, CAPEBs, chambers of agriculture, CCIs, trade unions, and entrepreneur networks).

Each year, Groupama gives out “CSR” Pro awards to VSE-SMEs regionally and nationally.

The regional mutuals invested €25 million in regional funds, and the Group invested €500 million in French SMEs and midcaps⁽¹⁾.

Partnerships with accelerators (such as FrenchAssurTech in Niort) are also led by the Group’s companies.

› 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 focus on certain themes, such as entrepreneurship, support for young people⁽²⁾, actions to support people with disabilities, solidarity, culture and heritage, the environment, cinema, prevention⁽³⁾, and the fight against breast cancer. For two years, a significant philanthropy initiative has been developed on cycling in the territories.

The amount of societal philanthropy in 2020 was more than €11 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). Despite the Covid-19 crisis, “Balades solidaires” (Solidarity Walks) and events were held in 2020, raising €332,000;
- › including €560,000 in support for cinema (support for young creators and distribution as well as the Cinémathèque française with the Gan Foundation⁽⁴⁾). The only prize awarded to a feature film during Critics’ Week at the Cannes Film Festival was given by the Gan Foundation;
- › including €61,000 for the national association Action Solidarité Madagascar, which unites and supports the actions of some twenty departmental associations engaged in solidarity projects (in partnership with Générations Mouvement) in the rural regions of the Grande Ile;
- › including €3.2 million in solidarity around the health crisis (various aid, donations of masks and sanitiser, etc.).

Multiple actions in connection with these philanthropy efforts were maintained throughout the 2020 crisis.

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

› A partner working in solidarity with communities and territories: strong mobilisation during the Covid-19 crisis

From the beginning of the events, the Group and its companies have mobilised significant resources for global public action and regional partners.

Groupama contributed nearly €100 million to the central government’s support schemes (contributions to the investment fund for SMEs and midcaps and to the solidarity fund to help VSE-SMEs).

The companies increased their solidarity actions, such as donations for research (e.g. for the Institut Pasteur), societal causes (such as Secours Populaire or Restos du Cœur), and associations that have needed more support than ever before. “Solidarity challenges” brought elected representatives and employees together.

Aid to the medical world was widely deployed: starting from the third week of the first lockdown, more than 200,000 masks and 6,000 coveralls for caregivers and rescue workers and a donation of €1 million for hospitals and caregiver support (meals, protective equipment, etc.). This momentum continued throughout 2020. Protection kits (sanitiser, masks, etc.) were distributed by regional mutuals to nursing homes, rural vocational training centres, schools, etc.

Gift vouchers were distributed by the branches of the regional mutuals to revive local commerce. Many initiatives were undertaken to encourage direct distribution, such as the promotion of local producer platforms (Bienvenue à la ferme, Nos produits locaux BZH, Comptoir de campagne, etc.).

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

At the Group level, the implementation of measures to combat corruption and influence peddling as well as money laundering and terrorist financing (AML/CFT) is managed by the Group Compliance Department. The corresponding work is carried out in consultation with the Group Legal Department and the Group Human Resources Department in particular.

(1) Data at 30.09.2020.

(2) See section 4.2.2.2 for support for young people.

(3) See section 4.2.2.3 for preventive actions.

(4) Learn about the Gan Foundation’s actions at <https://www.fondation-gan.com/>

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Declaration of Extra-financial Performance

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 introduces a general obligation to prevent risks of corruption and influence peddling for companies with more than 500 employees and revenue of more than €100 million. Once a group is subject to this obligation, its subsidiaries located in France or abroad are affected by this obligation. This regulation requires the operational implementation of eight measures. Each Groupama group company has incorporated the Group Code of Conduct into its Internal Bylaws and has deployed an ethics whistle-blowing 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 whistle-blowing system and the corresponding disciplinary measures for violating these rules;
- › the ethics whistle-blowing system allows 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. As part of its plan to prevent risks of corruption and influence peddling, Groupama bolstered its Code of Conduct with illustrations related to risk mapping in 2020.

The Group incorporated modules specifically aimed at combating corruption and influence peddling for all its employees, in particular those most at risk (specialised modules according to activities), into its training programme. The most exposed personnel are identified from the risk mapping.

In 2020, Groupama defined an action plan to strengthen its system for assessing the integrity of third parties with which the Group's companies have a business relationship. In connection with the risk mapping, updates to the new relationship procedures were identified. The steering and monitoring of this work will continue in 2021.

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 Compliance Department, which ensures that the Group complies with its obligations in conjunction with a network of AML/CFT Managers appointed in all of these entities, both in France and internationally.

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. In addition, it specifies the applicable risk monitoring and control system.

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

The Group 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 Group 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: 8,544 people trained in 2020, or 38.2% of the workforce (15,023 in 2019).

AML/CFT training. Number of people trained (employee awareness): 3,993 training events completed in 2020 (4,663 in 2019)

These training courses were implemented starting in early 2019. The special circumstances of 2020 explain the fewer training events than in 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.

(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.

It should also be noted that the Group signed a tax partnership with the tax authority (Service Partenaire des Entreprises) on 26 June 2019. Groupama is the only insurer among 40 French companies, which testifies to its taxpayer compliance insofar as the tax partnership reflects the cooperation and tax transparency with the authorities and therefore makes it possible to secure the Group's tax management. A group tax charter is being drafted.

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 CO₂ emissions and fighting climate change, both through its organisation and by encouraging the eco-friendly behaviours of its stakeholders (including employees⁽¹⁾). The Group has voluntarily set a goal of reducing carbon emissions from its operations by 15% between 2013 and 2022. The 2020 health crisis naturally had a major impact on the trajectory of carbon emissions – see points 4.2.3.1 and 4.2.3.2.

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 and decarbonisation initiatives) with the network of CSR facilitators and in liaison with the Logistics WG led by Groupama Supports & Services and including the regional mutuals.

Ordered from a community catalogue, the Group's companies can thus use models of cars that emit less and less: 98/99 g/km on average for our fleet in 2019-2020, compared with 102 g/km in 2013.

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 going forward the DCS-Office 365 ecosystem (at the workstation) deployed starting in March 2020 – reduces travel.

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

Note that the three properties 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, such as those planned at the Bordeaux site, are part of this dynamic. In 2020, the Groupama Paris Val de Loire regional mutual opened its new eco-responsible headquarters in Antony in the Paris region.

Note that Groupama Immobilier, in WP6, was the first property asset Manager to receive ISO 14001 certification in 2018, which was renewed in 2019 and with a 2020 audit postponed to March 2021. 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 (consume less, better, reuse)

(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 (for example, the Campus, Bordeaux, and Astorg sites in Paris).

At Groupama Campus Nanterre in 2020, a printing reduction challenge was launched (half of the gains were donated to an association for the fight against rare diseases supported by the Groupama Foundation), and Groupama joined the CUBE challenge, an inter-company competition of the IFPEB⁽²⁾, the objective being to reduce the energy consumption of buildings, three properties registered for 2020 (WP1, 2 and 5).

Recall that the "Happy Cleanings" operations carried out by the companies moving to Nanterre mobilised the employees to collect and recycle 188 tonnes of paper over the 2017–2019 period⁽³⁾. In addition, furniture and supplies have also been donated to charities for reuse and recovery.

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

(2) IFPEB: Institut Français pour la Performance du Bâtiment, of which Groupama Immobilier is a member.

(3) Source: Groupama Supports & Services, final results.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Declaration of Extra-financial Performance

(b) Fight against digital pollution

A major “digital footprint reduction” challenge was launched in June 2020; more than 1,000 employees committed themselves: employees of participating group companies were called upon to reduce the number of emails, in particular the biggest emails (committing to reduce their mail box by 50 MB each month).

(c) 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.

(d) Sustainable use of resources

With the total and then partial lockdowns, the health crisis explains the decrease observed on all indicators related to the sustainable use of resources. Given that these resources are calculated on a business involving employees on site and inherent travel, work stoppages and measurements necessarily had an impact on the data.

Paper consumption

Beyond the absence of employees at the sites, the continuation of digitisation (Zero paper programme, etc.) and the deployment of pull printing reinforced the decrease already seen in previous years in paper consumption: -22.6% from 2019, with the largest share concentrated on mass publishing, at -27.5%.

Energy consumption

With an overall decrease in total energy consumption of 11.6%, the largest differences were found in gas and chilled water, at -13.7% and -20.6% respectively.

Electricity also saw a significant decrease of 10.7%.

The continued relocation of several of the Group’s entities to more energy-friendly properties, the sale of certain sites, and changes in energy suppliers are added to the impacts of the health crisis to explain these decreases. Note that the Group has about 2,500 sites in France, or 212 fewer sites over the 2015-2019 period.

The decrease in energy consumption per FTE initiated in 2019 continues with a difference of -20% since 2013.

Business travel

Even before the Covid-19 crisis emerged, the more optimised use of fleets and the ramp-up of remote relations, the recommendation over time of train travel in particular relative to air travel, allow for a controlled evolution of travel.

During the fiscal year, the number of kilometres, across all types of transport, decreased by 35.8%, particularly in train travel, which had a decrease of 64.3%, followed by air travel, down 58.9%.

Cars remain the largest “producer” of km with 85% of total travel, which is explained by the very business of the Group and the large proportion of salespeople in the workforce. It should be noted, however, that this mode of transport also decreased 26.9%.

Of course, the level of these decreases is to be compared with the current health situation, which led to a two-month halt in business and an extremely limited resumption of business travel (excluding salespeople).

4.2.3.2 Climate change and biodiversity protection

This is a major 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 CO₂ emissions

A sharp decline was foreseeable given the exceptional circumstances of the crisis.

The administrative sites lowered their room temperature while they were empty (March-May). Similarly, the branches were temporarily closed, which had an impact on electricity consumption. There was also a foreseeable drop in travel due to restrictions on movement and substantial remote exchanges.

The Group had an exceptional decrease in its CO₂ emissions in 2020, with 37,245.773 tCO₂-eq, compared with 44,776.918 tCO₂-eq in 2019.

Scope 3 (non-owned cars, air, train) decreased significantly, at -20.9%. Scope 1 (owned cars, gas, fuel oil) also decreased significantly by 18.3%.

Beyond the reasons due to the health crisis, the consumption reduction efforts pursued by the Group (actions involving paper consumption, changes in energy suppliers, actions to control travel) also contributed to the continued decline in emissions started in recent fiscal years.

If we restate fiscal year 2020 as a normal year (an annual decrease of around -2% in 2020-2019), the Group’s CO₂ emissions would have been 43,881.380 tCO₂-eq, or -15.71% compared with 2013.

Outlook

The actions undertaken by the Group will promote the reduction of emissions over time, also spurred by regulatory obligations, such as the decree on tertiary buildings resulting from the ELAN law (required minimum energy consumption reduction of 40% in 2030/2010) and the Mobility Guidance Law (LOM). Starting in 2022, there will be a requirement to replace 10% of the fleets with low-emissions cars. The impact will be stronger starting in 2024 (20% of the fleet), and then 35% of the fleet in 2027 and 50% in 2030. In addition, the Mobility Plans will be established in the Group's companies.

The action on fleets (models, mileage) is a major factor of reduction. Non-owned cars continue to be represented the greatest share of CO₂ emissions by far.

It will also be necessary to count on the likely changes in employee behaviour – the pervasive effect of regular campaigns on eco-behaviours, new habits adopted during the health crisis – but having an impact that is difficult to estimate at the moment.

Lastly, recall that the Group's annual CO₂ 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

CO₂ emissions in 2020/2019: -17.36%; CO₂ emissions in 2020-2013: -28.46%

CO₂ emissions in 2020 restated⁽¹⁾/2013: -15.71%⁽²⁾

Carbon study on Groupama forests. Data **for 2020⁽³⁾**:

Forest carbon stock: increased at 10.5 million t of CO₂ (10 Mt in 2019) over 21,570 ha⁽⁴⁾.

Annual increase in CO₂ stored (balance between planting and cutting + storage of biomass): +185.583 t, or -47.4% compared with 2019; the sharp decrease between 2020 and 2019 was mainly due to the change in the calculation method, which no longer takes into account the annual increase in soil carbon.

CO₂ emissions avoided: 79,471 t by the use of traded timber (75,570 t in 2019).

CO₂ stored in wood products: 46,172 t (new data).

(1) Fiscal year restated according to the trajectory originally estimated, i.e. a change of -2% in 2020/2019.

(2) As a reminder, 2019 DPEF: -13.99% in 2019/2013.

(3) As a reminder, 2019 DPEF: -13.99% in 2019/2013.

(4) The exact figure is 10,513,512 t of CO₂.

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 Asfaltiki (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 et 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 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 (SFPJ)	Social, environmental and societal
Groupama Rhône-Alpes Auvergne	Social, environmental and societal
Groupama Supports & 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) On risk analysis aspects, only companies operating in France were 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 4.2.2.2.	› 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.	› Rate of GDPR training for newcomers
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
Prevention of corruption, influence peddling, and tax evasion Anti-money laundering and combating the financing of terrorism (AML/CFT)	Point 4.2.2.6.	› Rate of employees trained in ethics and anti-corruption through e-learning › Number of employees trained (awareness)
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
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

	2020	2019
Social information		
Number of employees	1,617	1,691
of which % women	63.10%	62.60%
of which % men	36.90%	37.40%
Hires – all contracts (excluding summer fixed-term contracts), excluding mobility, transfers	206	397
of which permanent contract hires (excluding mobility, transfers)	72	187
Departures – permanent contract (excluding mobility, transfers)	138	167
% women on permanent contracts among executives	54.30%	53.30%
Number of employees with disabilities	47	45
Base average pay for December (in €)	43,933	43,287
Number of work/study trainees	109	87
Rate of conversion of work/study trainees to permanent contract employees	4.60%	10.80%
Environmental information		
Water consumption (in m ³)	3,440.68	5,526.30
Total energy consumption (in kWh)	3,631,844.58	3,827,182.80
Total energy consumption (in kWh per FTE)	2,274.20	2,310.80
Travel (in km)	8,711.950	16,523.692
Travel (in km per FTE)	5,455.40	9,976.75
CO ₂ emissions (tCO ₂ -eq)	1,320	2,042.9
CO ₂ emissions (tCO ₂ -eq) per FTE	0.8	1.2
Total paper consumption in tonnes	266.1	315.6
Total paper consumption (in kg/FTE)	166.7	190.5
Societal information		
Number of missions carried out by preventionists	322	131
Number of individuals who received training or awareness efforts (external + internal)	258	387
Philanthropy: amounts allocated to rare diseases and non-rare diseases in euros	906.746	980.371

Gan Prévoyance extra-financial performance indicators

	2020	2019
Social information		
Number of employees	744	746
of which % women	35.10%	35.90%
of which % men	64.90%	64.10%
Hires – all contracts (excluding summer fixed-term contracts), excluding mobility, transfers	138	121
of which permanent contract hires (excluding mobility, transfers)	134	112
Departures – permanent contract (excluding mobility, transfers)	135	158
% women on permanent contracts among executives	28.10%	25.20%
Number of employees with disabilities	21	22
Base average pay for December (in €)	47,126	45,349
Number of work/study trainees	2	1
Rate of conversion of work/study trainees to permanent contract employees	-	-
Environmental information		
Water consumption (in m ³)	136.79	193
Total energy consumption (in kWh)	238,672.00	548,510.70
Total energy consumption (in kWh per FTE)	328.15	734.7
Travel (in km)	9,909,301	16,180,140
Travel (in km per FTE)	13,624.40	21,674.08
CO ₂ emissions (tCO ₂ -eq)	1,631	2,314
CO ₂ emissions (tCO ₂ -eq per FTE)	2.2	3.1
Total paper consumption (in tonnes)	0.64	2.4
Total paper consumption (in kg/FTE)	-	322.8
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	2,133	2,133

4.2.4.4 Methodological note

This note is intended to provide a reminder of the Groupama DPEF methodology regarding CSR and to clarify certain points about the scope taken into account and the calculations made on certain indicators.

(a) Reporting scope

The 38 entities included in the scope of the DPEF are detailed above and represent 100% of the workforce as of 31 December 2020.

Eight entities were not included in the environmental consolidation in the absence of collected information (GAN IA Hong Kong, other property subsidiaries, Groupama Life Express, Groupama Outre-Mer Pacifique, Forêts Assurances MISSO, Groupama Poist'ovna sa, SPARA, and SPSE). These same rules have been applied in the calculation of CO₂ emissions.

Policy of exclusion from the scope

Companies accounted for under the equity method in the accounting results are not taken into account in terms of social and environmental indicators, and Groupama AVIC Property Insurances Company, the Groupama group's subsidiary in China, was removed from the non-financial reporting scope in 2013 for a better balance between the combined financial and non-financial scope.

Since 2016, the GOM Antilles entity has been outside the scope because its figures are now included in the financial statements of Caisse Groupama Antilles-Guyane.

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 Internal Communication and CSR Department for this indicator to the total number of FTEs of the combined scope. The FTE figures as of 31 October 2020 were provided by the Group HR Department.

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(b) Indicators

Selection of indicators

As of this year, the Group has chosen to select 14 key performance indicators related to the main risks relating to social, societal, environment and climate change, anti-corruption and anti-tax evasion, and policyholder data protection aspects. The objective of these indicators is to monitor the commitments made by the Group and to meet the regulatory requirements.

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

Reference sources 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 CO₂ emissions are also defined in this Reference Sources and carried out subsequently by the Internal Communication and CSR 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 campaign.

Information on respect for animal protection and responsible, equitable, and sustainable food, and the fight against food insecurity is excluded from the DPEF because it is not relevant to Groupama's business.

(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.

The societal and environmental indicators have been collected since 2012 by rolling year from 1 November N-1 to 31 October N. 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 2019 to November 2020.

(d) Data collection, consolidation, and control procedures

Data collection:

The information published in the management report, included in the "URD" document of Groupama Assurances Mutuelles, is collected thanks to the contributions of the Group's network of DPEF correspondents.

The list of DPEF contributors is updated each year before the beginning of the reporting campaign, and training on the use of SCOOP (collection solution of the company) and on the DPEF process in general is offered by the Internal Communication and CSR Department to employees where appropriate.

Most of the environmental and societal data are reported by the entities concerned through SCOOP, which is fully dedicated to the CSR DPEF within the Group. Social data are collected from several data sources depending on whether they involve:

- › French or international companies;
- › 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 (see below), only for certain French companies.

Certain environmental and societal data, due to their specificity or for practical reasons, are collected directly from the correspondents or departments concerned by the Internal Communications and CSR Department.

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.

A 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 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 (disability, agents/general agents, temporary workers, etc.) are not systematically present in the infocentre. In such cases, the corresponding indicators are requested from the companies using an Excel model sent by email at 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 with the Group companies), they are determined centrally by Group Training sector. For other French companies and International companies, they are included in the Excel templates. These three indicators are as follows:

- › employees trained by gender and by category;
- › training hours by gender and by category;
- › costs of training.

Consolidation of data.

Consolidation is done at the Group level by the Internal Communications and CSR Department. Environmental and societal data are consolidated using SCOOP (Enablon) dedicated to the Group.

Control of data

Environmental data: SCOOP includes automatic consistency checks to avoid input errors. It also allows source files to be attached and explanatory comments to be inserted. Each correspondent in the company checks the entered data before consolidation. The Internal Communication and CSR Department conducts a second level of data control. Identified inconsistencies and errors are reviewed with the companies concerned and corrected where appropriate.

Social data: checks are made by the SIPGRH Project Owner of the Group HR Department each month at the time of the loadings. Functional tests are also carried out to ensure the consistency of the results relating to staff and staff movements (headcounts for month N = headcounts for N-1 – departures for the month + entries for the month).

In addition, comparisons are made over time between the work carried out by the companies and the work of the Group HR Department 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 HR Department.

After consolidation of an indicator, the final total value and the ratio per FTE are compared with those of the reporting of the previous year.

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

Details on the calculation of CO₂ 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 2020 DPEF 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 (included in Groupama Antilles-Guyane), the average between the emission factors of Guadeloupe and Martinique;
- › for consumption of steam and chilled water, the Internal Communication and CSR Department used an average of the various factors provided by ADEME for the cities in which Groupama is located;
- › for travel by plane, the Internal Communication and CSR Department used the emission factor of a trip of average capacity and average distance (100 to 180 seats and 2,000 to 3,000 km). The ratio used to convert expenditure in euros to km is 0.11 (ADEME);
- › for travel by train in France, the emission factor used by the Internal Communication and CSR 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 to convert expenditure in euros to 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 x (number of working days paid under a contract, *i.e.*, 262 working days)]. Groupama Life Express data are not included in this calculation;
- › Accident frequency rates = number of workplace and commuting accidents with work stoppage x 1,000,000/annual theoretical hours worked;
- › Accident severity rates = (working) days lost for workplace and commuting accidents with a work stoppage x 1,000/annual theoretical hours worked;

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- › The number of sick leave days does not include long-term illnesses;
- › Training rate: for this calculation, the workforce of companies that did not report information (GOM, Groupama Life, SPSE) were excluded.

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 the companies.

Details on the calculation of GDPR training rates

This indicator was introduced in 2020. It is equal to the number of GDPR training events completed/number of newcomers in year N.

Data on RI/SRI assets

Criteria for definition of funds:

- › assets under management of funds and mandates classified as SRI: they are consistent with the specific SRI management process, which is based on the application of an extra-financial analysis methodology common to equities and credit according to a best-in-class approach; the securities of the available universe are analysed by our teams and classified into five quintiles (the holding of securities belonging to the bottom quintile is prohibited). The funds concerned are in particular funds with the SRI public label and umbrella funds (FCPE) certified by the CIES (French inter-union employee savings committee);
- › assets under management of funds and mandates classified as ESG integration: we classify in this category funds or mandates that, 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 “investable” universe. In addition, with regard to the E (environmental) pillar, if the managed fund or mandate does not set a specific target for reducing the carbon footprint, tools for managing the data and monitoring its ex-post exposure are available to Managers;
- › the assets under management of the entire monetary range classified as monetary ESG integration, which systematically excludes any complex securitisation operation and any structure registered in tax havens. The “investable” universe is determined during a specific committee meeting, the Monetary Committee, following the consideration of the list of major ESG risks (controversies, etc.) and ESG elements impacting the overall recommendation of the issuer.

4.3 REPORT OF THE INDEPENDENT THIRD-PARTY ORGANISATION 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.

(Fiscal year ended 31 December 2020)

Mazars
61, rue Henri Régnault
92075 La Défense cedex

Dear Members,

In our capacity as independent third party and member of the Mazars network, statutory auditor of Groupama Assurances Mutuelles, accredited by COFRAC Inspection under number 3-1058 (scope available at www.cofrac.fr), we hereby report to you on the consolidated non-financial statement for the fiscal year ended 31 December 2020 (hereinafter the "Statement"), voluntarily included in the management report pursuant 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 and the provisions of Article L. 310-1-1-1 of the French Insurance Code, which refers to Article L225-102-1 of the French Commercial Code.

RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for preparing a Declaration in reference to the 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 or available on the website or 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 THE INDEPENDENT THIRD-PARTY ORGANISATION

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 reference to 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 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, and
 - corroborate the qualitative information (actions and results) that we considered the most important presented in Appendix 1. For certain risks (business ethics, customer satisfaction, quality of advice, consideration of the environment and climate in investments, consideration of the environment and climate in offers, and underwriting policy), we performed our work at the level of the consolidating entity. For the other risks, we performed our work at the level of the consolidating entity and in a selection of entities (presented in Appendix 1);
- › 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⁽²⁾ and covers between 23% 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 2020 and March 2021 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.

(2) See Appendice 1 of the report.

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 regulations and that the information, taken together, is truthfully presented, in accordance with the Reference Source.

Drawn up in Paris La Défense on 2 April 2021

Independent third party

Mazars SAS

Jean-Claude Pauly

Partner

Nicolas Dusson

Partner

Edwige Rey

CSR & Sustainable Development Partner

APPENDIX 1

Qualitative information (actions and results) on the main risks

- › Employability/skills adaptation
- › “Working well together”
- › Equality
- › Quality of advice
- › Customer satisfaction
- › Protection needs (coverage of societal issues)
- › Policyholder data protection
- › Consideration of the environment and climate in investments
- › Consideration of the environment and climate in offerings and underwriting policy
- › Prevention of corruption, influence peddling, and tax evasion
- › Anti-money laundering and combating the financing of terrorism (AML/CFT)

Audited entities and quantitative indicators including key performance indicators

Topic	Indicator	Audited entities
Employability/Skills adaptation	› Rate of employees trained	› Groupama Centre Manche
“Working well together”	› Absenteeism rate	› Groupama Centre Atlantique › Groupama Assicurazioni (Italy)
Equality	› Rate of female senior executives › Rate of female executives	› Gan Assurances › Groupama Gan Vie
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	› Score out of 20 points on relationship-based criteria › Claims management: Rate of “Satisfied” and “Very Satisfied”	› Groupama Assurance 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
Consideration of the environment and climate in investments	› Rate of assets managed with ESG criteria	› Groupama Asset Management - CSR and Long-Range Planning Department
Consideration of the environment and climate in offerings and 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 › Business travel (vehicles, train, air) › Energy consumption (electricity, gas, fuel oil, heat, chilled water) › Greenhouse gas emissions	› Groupama Centre Manche › Groupama Centre Atlantique › Gan Assurances › Groupama Assicurazioni (Italy) › Groupama Gan Vie
Policyholder data protection risk	› Rate of new employees trained in GDPR	› Groupama Centre Manche › Groupama Centre Atlantique › Gan Assurances › Groupama Gan Vie

GROUP RISK FACTORS

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GROUP RISK FACTORS

The Group's main risks

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 or continued low interest rates. This exposure 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 2020, a decrease in interest rates of 50 basis points would have had a significant negative impact of 36 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 39 basis points. As of 31 December 2020, the regulatory solvency ratio was 244%. 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 (3.8% of assets) and the moderate weight of assets lacking instant liquidity, such as property (6.1%) and unlisted equities (1%), as of 31 December 2020 at the Group level. This risk of rising rates is therefore considered to be "low".

As of 31 December 2020, the allocation of the Group's asset portfolio (market value data, excluding unit-linked investments, minority stakes, and repurchase agreements) was as follows:

- › Bonds: 81%;
- › Equities: 7.1%;
- › Liquid assets: 3.8%;
- › Property: 6.1%;
- › Others: 2.0%.

Under the current market conditions where interest rates are low, the risk of continued low interest rates 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 2020, the regulatory solvency ratio was 244%.

However, the vast majority of the Group's bond portfolio consists of public and private eurozone issues, with AA and A ratings predominating at 73.2%, BBB ratings at 25.6%, and ratings below BBB at 1.2% as of 31 December 2020. 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 Equities 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 2020, equities represented 7.1% of the Group's assets in terms of economic exposure. As of 31 December 2020, a 25% decrease in the value of equities would have had a moderate impact of 16 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 15 basis points. As of 31 December 2020, the regulatory solvency ratio was 244%.

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 2020, the regulatory solvency ratio was 244%.

The Group's property assets are mainly held by subsidiaries in France. As of 31 December 2020, property assets represented 6.1% 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. In the first place, 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 2020 was derived from the business of its international subsidiaries (see Note 34 "Analysis of premium income" to the combined financial statements), and about 6% of premium income was denominated

in currencies other than the euro, 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 also 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".

5.1.2 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.

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.

GROUP RISK FACTORS

The Group's main risks

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 (Romania, and China). As of 31 December 2020, the areas covered by multi-risk climate insurance in France were divided among the following crops:

- › large crops (wheat, maize, rapeseed, etc.): 93.3%;
- › viticulture: 4.1%;
- › 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".

5.1.2.5 Pandemic

With all its consequences, the pandemic risk is considered "significant" and, being a confirmed risk, is specifically addressed in § 5.1.4.

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 "significant".

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 2 obligations, IFRS 17 on the recognition and measurement of insurance contracts, obligations under Sapin 2, including corruption risks, or the Insurance Distribution Directive (IDD). These various regulations and laws generate implementation costs and a non-compliance risk.

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, for 2020 and 2021, the Group is subject to exceptional taxation on Healthcare premium income of approximately €91 million.

The regulatory development risk is considered "significant".

5.1.3.3 Reputational risk

The Group is a major economic player in France (media visibility). It insures 11.5 million customers, employs 31,000 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".

5.1.4 COVID-19

In order to best manage the consequences of this unprecedented global pandemic, the Group, as an insurer and economic player, closely monitored the various risks involved throughout 2020 through its monitoring indicators, governance bodies, and Business Continuity Plans.

Groupama has supported its customers and policyholders through several actions:

- › premium reduction measures, especially for professionals;
- › contribution to the solidarity fund to support small and medium-sized enterprises and the self-employed; and
- › citizen measures to support research institutes and university hospitals.

Groupama also committed to investing in investment funds promoting the recovery of French SMEs and midcaps, primarily targeting the health and tourism sectors.

In its underwriting business, the group-level impact of Covid-19 has not been exactly the same in France, where the portfolio is highly diversified, and internationally, where business (mainly non-life) in most countries is relatively focused on motor insurance.

In France, Covid-19 has especially affected the Group's non-life businesses, given the measures taken to support its customers and members, such as premium reduction and contribution to government spending through the health tax. Internationally, the situation is not comparable between some countries heavily affected by the pandemic, such as Italy, and other less-affected countries, such as Eastern European countries, Turkey, and China. However, the health crisis has resulted in decreased premium income in most countries, stemming from the various measures granted to customers, but with positive effects on the loss experience, which benefited from a lower frequency of motor insurance claims as a result of the lockdown measures.

The Group has benefited from a diversification effect associated with its geographical presence as well as its various businesses, which have demonstrated an overall resilience to this crisis. Despite the mixed performance of financial markets and the unprecedented context of the pandemic, the Group's solvency ratio stood at 152% without transitional measures and 244% with transitional measures at 31 December 2020.

However, the Group's situation could be further impacted by Covid-19 if the pandemic becomes more severe and/or prolonged and if economic growth is delayed.

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:

- › definition of standards and a structuring framework for analysis and control of risks;
- › support from the entities in 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 the Group’s entities and incorporating the Solvency 2 risk classification. Each major (Group and entity) risk is assigned a risk “owner” responsible for monitoring and controlling the risk consistent with the standards defined by the Group. Risk owners set up risk control plans 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 process 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 various risk policies in line with the Group’s policies and on the basis of their risk profile, organisation and operating country. 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.

Several bodies are responsible for Group-level risk monitoring governance:

- › the Group Risk Committee: composed of the members of the Group Executive Committee and the Manager of the key Risk Management function; its role is to approve the risk management policy, by setting the limits of risks and approving the measures used to manage risks, and to supervise the management of major Group risks;
- › the Risk Committees by risk family (insurance, financial and operational) organised by the Group Risk Management and Permanent Control/Compliance Departments and made up of major risk owners, and depending on the areas concerned of the representatives from the Groupama Assurances Mutuelles Business and Support Departments (Group Actuarial Department, Group Financial Control 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 2 Director, and the representative of the international department in charge of monitoring international subsidiaries.

Similar mechanisms 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 Audit, Risk, Control & Compliance operational implementation committee (called “Comop ARCC”) is run by the Risk Management, Control and Compliance Department and the Group General Audit Department, with Group Legal Department involvement. It brings together the regional mutuals, the insurance subsidiaries in France, and Groupama Supports & Services (G2S).

The Group Risk Management and Permanent Control/Compliance functions are responsible for ensuring that all the Group’s entities comply with Executive Management’s requirements in terms of the internal control and risk management system, as well as those of Solvency 2, 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 administrative and Executive Management bodies in defining:
 - the risk strategy,
 - the core components 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 cases 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 Group's major insurance and financial risks;
- › 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;
- › the implementation of the PRP (Preventive Recovery Plan);
- › 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 base 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 internal control at the Groupama Assurances Mutuelles entity;
- › defining the business continuity policy (BCP) and implementing then overseeing the system within the entities;
- › overseeing data quality control systems;
- › validating the internal model;
- › supporting the Group's entities in adapting their operational risk management, permanent control and compliance systems (management, 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 role in verifying Groupama Assurances Mutuelles' compliance, *i.e.* the Group Compliance Manager:

- › 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;
- › helping in drawing up replies to supervisory authorities, with the Group Legal Department and relevant departments and entities;
- › 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.

GROUP RISK FACTORS

Organisation of risk management within the Group

The Group Legal Department, under the supervision of the General Secretariat, provides, particularly on behalf of the Business Divisions of Groupama Assurances Mutuelles and insurance organisations (French insurance subsidiaries as well as the regional mutuels):

- › monitoring and analysis of legislation and case law and other standards (FFA (French Insurance Federation) professional standards, ACPR (French Prudential Supervisory and Resolution Authority) recommendations, opinions issued by the French government's "defender of rights" and the CCLRF (Banque de France's advisory committee on financial legislation and regulation) having an impact on the insurance business (marketing, consumer protection, communication, advertising, the development, subscription, execution and termination of insurance products, etc.);
- › the necessary anticipation and support to implement new regulations for insurance;
- › information (notes, circulars, working parties, dissemination of a quarterly bulletin of legal information related to customer protection);
- › ratification of new insurance policies developed by the Business Departments and other Group insurance subsidiaries, well as changes made to existing policies;
- › development and approval 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);
- › dealings with administrative authorities for inspections, and support during these inspections 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.).

In addition, as regards application of data protection legislation and the General Data Protection Regulation (GDPR), the compliance system makes use of Data Protection Officers (DPO) in the Group's French entities, registered with the French data protection authority (CNIL), and of a network of internal assistant DPOs, with one such per entity and nine for Groupama Assurances Mutuelles in areas implementing data processing. This network changes based on the Group's organisational modifications.

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. The Group General Audit Department conducts several types of audits, including a general economic and financial audit of the Group's entities, generally on a three-year basis and at the latest every five years, in addition to the operational audits conducted within the entities. For large entities, these audits may be conducted more frequently and cover smaller scopes. The Group General Audit Department also conducts on Groupama Assurances Mutuelles processes and on the Group's cross-functional processes, in which several entities may be involved, with the support of the entities' internal auditing departments. Lastly, the Group General Audit Department conducts audits on behalf of some entities as part of the pooling of the Audit key function with Groupama Assurances Mutuelles. The audit schedule of the Group General Audit Department is defined by the Executive Management of Groupama Assurances Mutuelles and validated by the Groupama Assurances Mutuelles Audit and Risk Management Committee 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, and a mission report is prepared presenting the observations, findings, and recommendations to the Executive Management of the audited entities. A regular summary of the missions is provided to the Executive Management of Groupama Assurances Mutuelles, the Audit and Risk Management Committee, and the Group Executive Committee for cross-functional audits. A quarterly report on the progress of the recommendations is given to the Groupama Assurances Mutuelles Executive Management and its Audit and Risk Management Committee.

EARNINGS AND FINANCIAL POSITION



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6.1 MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

6.1.1 ENVIRONMENT

6.1.1.1 Macroeconomic environment

In 2020, the Covid-19 pandemic and the health measures adopted to control it caused a contraction of economic activity not seen since the post-war years. Governments and central banks adopted unprecedented fiscal and monetary measures to protect and support economies. This resulted in the synchronous launch of unconventional monetary measures and large-scale stimulus packages. In addition, the economic climate continued to provide strong support for the recovery, as evidenced by the rebound in manufacturing activity in the second half of the year after the easing of health restrictions.

Eurozone activity experienced an expected GDP contraction to -7.8% in 2020 followed by a rebound of +4.2% in 2021. The divergence between European economies is significant, in connection with a contrasting evolution of the pandemic and different health policies: Germany's GDP is expected to shrink to -6%, while Spain and France forecasts decreases of -12% and -9% respectively.

The manufacturing sector's situation improved with an industrial production index that returned to its level seen a year ago. However, it appears that the services sector has been harder hit by the lockdown measures as suggested by purchasing managers' indices (PMI). The consensus of economists' forecasts is that pre-crisis GDP will return only in 2022.

As in the United States, political and economic decision-makers have been proactive. The European Union made progress towards greater integration by adopting a €750 billion economic recovery plan funded by common debt raised by the European Commission. This measure was in addition to very significant national plans, made possible by the easing of government deficit constraints and monetary financing from the central bank. The ECB put in place a new, more flexible asset purchase programme, raised to €1,850 billion, which will continue at least until March 2022.

There were sharp contrasts among emerging countries. The Chinese economy, the first affected by the pandemic, has already wiped out the contraction of its activity and saw +2% growth in 2020. Emerging Europe is expected to contract moderately by -4%.

6.1.1.2 Financial markets in 2020

The health crisis caused a brutal drop in financial markets in March. The massive and rapid actions of central banks contributed to a rebound in risky assets starting in April and a long-term return of government bond and swap rates to negative territory.

(a) Changes in equity markets

In March, the response of equity indices to the pandemic and lockdown measures was particularly rough. Volatility reached levels comparable with those seen during the 2008 financial crisis.

The action of central banks and the prospect of a recovery plan redirected markets upwards. At the same time, there was strong sector-based rotation from losing sectors (transport, leisure, land, and banks) to winning sectors (technologies, pharmaceutical industry, and infrastructure in particular). In geographical terms, the equity market recovery contrasted with the United States and China, which performed better thanks to their technology sectors. Conversely, the performance of European indices was lower due to the predominance of sectors affected by the crisis and a slower economic recovery.

PERFORMANCE OF EQUITY INDICES



(b) Changes on interest rate markets

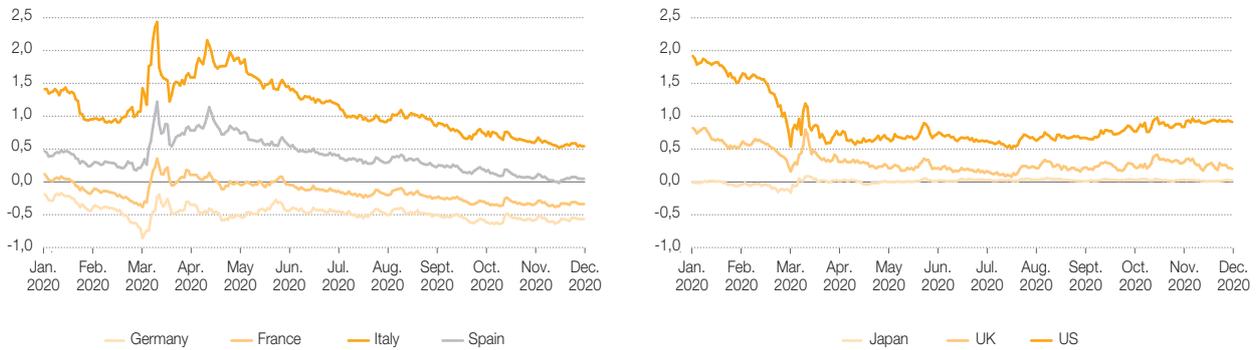
The action of central banks and the prospect of long-term monetary policies caused a significant drop in interest rates in all developed economies. The volatility of spreads in peripheral

eurozone countries was contained thanks to the ECB's action. Core country rates stabilised at levels significantly lower than at the beginning of the year: around -0.3% on the 10-year OAT.

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SOVEREIGN 10-YEAR YIELDS, %



(c) Changes on credit markets

Together with risky assets, credit indices fell sharply in March. They then recovered strongly starting in April because of the central bank's purchases of securities from non-financial issuers and the

support measures by governments to reduce default risk expectations. Nevertheless, spread tightening was more significant on good-quality credit.

PERFORMANCE OF CREDIT INDICES



Bloomberg Barclays coupons reinvested indices

6.1.2 SIGNIFICANT EVENTS OF FISCAL YEAR 2020

6.1.2.1 Covid-19

The Covid-19 pandemic began to wreak havoc on 2020 in March with major impacts on the economy, individuals and entities, and markets.

In France, from the beginning of the crisis, insurers took measures totalling €2.6 million to support the individuals and companies most affected by the crisis. This solidarity commitment includes €400 million for the solidarity fund set up by the French central government for VSEs and SMEs in crisis, €400 million in "collective" measures applied by FFA member insurers, as well as more than €1.8 billion in individual measures (extensions of protection at no charge, premium cancellations, funding for free health services, direct financial aid to companies in hardship, etc.).

In addition to these actions, €2 billion in investments were made to support the recovery of French SMEs and midcaps, including €800 million in the health sector and €200 million for tourism (source: FFA news release of 17 December 2020).

The Group-level impact of Covid-19 has not been exactly the same in France (where the portfolio is highly diversified) as internationally, where business (mainly non-life) in most countries is relatively focused on motor insurance. In addition, the situation internationally is not comparable between some countries heavily affected by the pandemic, such as Italy, or other less-affected countries (Eastern European countries, Turkey, and China).

In France, Covid-19 has especially affected the Group's non-life businesses, given the measures taken to support its customers and members, such as premium reduction and contribution to government spending through the health tax. The claims incurred directly caused by the health crisis on certain segments managed to be contained (in particular on operating losses). Positive effects brought about by Covid-19 on other segments, such as motor insurance (due to reductions of frequency during the lockdown), were evaluated statistically.

Internationally, the pandemic has had different effects in different countries, with declining premium income in most countries, stemming from the various measures granted to customers, but with positive effects on the loss experience, given the business relatively concentrated in motor insurance, which benefited from a lower frequency of claims as a result of the lockdown measures that took place in most countries.

The Group has benefited from a diversification effect associated with its geographical presence as well as its various businesses, which have demonstrated an overall resilience to this crisis.

However, the crisis is far from over. In 2021, and probably in 2022, the Group will still have to cope with the consequences of the health crisis, first by supporting the affected customers and then by facing the market conditions that are likely to tighten. In particular, the Group will implement the measures announced for 2021 to support hotel operators, café owners, and restaurant owners as well as businesses and professionals in the tourism, culture, entertainment, and sport sectors with up to 250 employees:

- › freezing of premiums on professional multi-risk insurance policies;
- › establishment of free assistance cover for heads of companies and employees personally affected by Covid-19;
- › recourse to the insurance ombudsman extended to companies for any dispute relating to a professional insurance contract.

6.1.2.2 Financial soundness

(a) Financial rating

On 19 March 2020, Fitch Ratings revised Groupama's rating outlook to "Stable" and maintained its "A" rating, to take into account both the significant uncertainty created by the global coronavirus pandemic, which led to high levels of volatility in financial markets, and "Negative" on the French life insurance sector.

On 19 May 2020, then on 29 September 2020, the agency confirmed Groupama's "A" rating and "Stable" outlook. The Fitch rating reflects Groupama's ability to maintain strong capitalisation and leverage as well as its highly robust business profile in the French insurance sector.

6.1.2.3 Business activities

(a) Partnerships

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. On 7 April 2020, the sale was finalised for €211 million. The proceeds from the sale were recorded in non-current operating income in the Group's financial statements in 2020.

On 8 September 2020, Elitis Insurance partnered with Groupama to launch Agriprotect, a comprehensive insurance policy for Walloon farmers. Already present in nine countries in Europe as well as in China, Groupama is playing its full role as a European player in the protection of farmers by becoming a partner of Elitis Insurance and contributes to better security of Walloon agriculture.

(b) Acquisition

On 18 December 2020, the Groupama group announced the signing of an agreement concerning the acquisition by its Hungarian subsidiary Groupama Biztosito of the Croatian insurance company OTP Osiguranje, owned by OTP Banka d.d.

(c) Property

On 11 June 2020, Groupama announced the launch with Vinci of the construction of The Link, Total's future headquarters in Paris La Défense. The planning and work are expected to take five years. At the end of this period, Total will take delivery of the property and will be a tenant of The Link for a renewable term of 12 years.

(d) Socially responsible investment strategy

At the end of June 2020, the Group published its ESG/Climate report entitled "Responsible investing: key to risk management and confidence". The management of both insurance or financial risks currently requires incorporating unpredictable environmental and societal impacts. The management of Groupama's property and financial assets increasingly focuses on measuring and optimising environmental, social, and corporate governance risks and opportunities of organisations and their impact on the Group's assets.

On 9 December 2020, the Groupama group committed to a definitive phase-out of thermal coal in its investment portfolios by 2030 at the latest for corporate issuers in European Union and OECD countries and by 2040 for the rest of the world.

On 15 December 2020, by partnering with the AlphaOmega Foundation, the Groupama group made its first social-impact investment through the philanthropy venture.

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(e) Inclement weather

The year 2020 was marked by a substantial weather loss experience. Significant droughts took place in the summer, and some usually spared areas were affected, particularly in northern and northeastern France.

In October, Storm Alex, which struck Brittany before causing deadly floods in Alpes-Maritimes, left significant material damage across the territory, with around a hundred houses damaged or even completely destroyed and bridges and roads washed away, particularly in the Vésudie, Tinée, and Roya valleys.

6.1.3 POST-BALANCE SHEET EVENTS

On 8 January 2021, the Groupama group concluded the acquisition of the legaltech company Juritravail from MyBestPro. With this acquisition, this Group is expanding its offering of legal services for individuals, professionals, and businesses.

6.1.4 ANALYSIS OF FINANCIAL STATEMENTS

The Covid-19 pandemic began to wreak havoc on 2020 in March with major impacts on the economy, individuals and entities, and markets.

Since the beginning of the crisis, Groupama's 24,000 employees have remained constant in their commitment to supporting policyholders and members on a daily basis thanks to the effectiveness of teleworking and paperless exchanges, significantly bolstered and widely implemented since the beginning of the first

lockdown and with the commitment of its 31,500 mutual insurance elected representatives.

For the insurance sector, the consequences of this crisis have also been significant. The Group has therefore supported its customers and members, especially by granting premium reductions and payment facilities. It also contributed to the collective effort by contributing to the VSE/SME solidarity fund set up by the central government and to government expenditure for the management of the Covid-19 pandemic.

6.1.4.1 Introductory summary: reminder of the combined Group's business data

Premium income (in millions of euros)	31.12.2019	31.12.2019 pro forma	31.12.2020	Actual change	Like-for-like change
Property and casualty insurance – France	5,755	5,652	5,692	-1.1%	0.7%
Groupama Gan Vie	4,004	4,004	4,164	4.0%	4.0%
Life and health insurance in France – excluding Groupama Gan Vie	2,097	2,097	2,155	2.7%	2.7%
Total Insurance – France	11,857	11,753	12,011	1.3%	2.2%
Property and casualty insurance – International	1,623	1,573	1,540	-5.1%	-2.1%
Life and health insurance – International	734	712	705	-4.0%	-1.0%
Total Insurance - International	2,357	2,285	2,245	-4.7%	-1.7%
Financial businesses	168	168	189	12.7%	12.7%
Groupama total	14,381	14,206	14,445	0.4%	1.7%
Total Insurance	14,213	14,039	14,256	0.3%	1.6%
<i>Property and casualty insurance</i>	<i>7,377</i>	<i>7,225</i>	<i>7,233</i>	<i>-2.0%</i>	<i>0.1%</i>
<i>Life and health insurance</i>	<i>6,836</i>	<i>6,814</i>	<i>7,024</i>	<i>2.7%</i>	<i>3.1%</i>

2019 pro forma data:

The restatement of certain data from 31 December 2019 was necessary to allow changes between the two periods to be compared and analysed.

Groupama Assurances Mutuelles: pro forma figures were used to take into account the end of the quota share treaty with La Banque Postale (impact: -€103 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 2019 were converted based on the exchange rate at 31 December 2020.

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 2020 and the actual data at 31 December 2019, converted at the average exchange rates at 31 December 2020.

At 31 December 2020, Groupama's combined premium income from insurance increased 1.6% to €14.3 billion on a like-for-like basis (+0.3% in actual data) compared with 31 December 2019.

Including the financial businesses, the Group's combined premium income was up 1.7% on a like-for-like basis (+0.4% in actual change) at €14.4 billion.

In property and casualty insurance, the Group's premium income was stable, combining 0.7% growth in France and a 2.1% decrease internationally. The business is supported by insurance for businesses and local authorities (+4.0%), which benefits from the growth of the fleet segment (+3.9%) and the business and local authorities casualty (+4.0%) segment. Insurance for individuals and professionals was down 0.9% due to the decline in international business (-4.3%), which saw moderate growth in France (+0.3%) in the context of Covid-19. In France, growth in the automotive and home insurance segments was 1.2% and 1.5% respectively, while the professional risks sector, the focus of most of the customer support pricing measures in the context of the crisis, fell 6.2%.

Life and health insurance premium income grew by 3.1% at 31 December 2020. Groupama Gan Vie, home to the savings/pensions business in France, enjoyed 4.0% growth in premium income over the period, explained particularly by the

success of a new retirement product. Other life and health insurance business activities in France increased 2.7%. The main reason for this increase was the growth of municipal staff insurance (+12.6%), while the health (individual and group) segment remaining stable over the period. International life and health insurance premium income was down 1.0% due to the decline in individual savings/pensions (-3.4%), although the good performance of the Group retirement segment (+11.9%) dampened this trend.

Insurance premium income in France represented 83.2% of the Group's overall business over the period, whereas international insurance premium income amounted to 15.5% of total premium income. The Group's other businesses (financial businesses) represented 1.3% of total premium income. Net banking income from these businesses amounted to €162 million at 31 December 2020.

Economic operating income (in millions of euros)	31.12.2019	31.12.2020	Change in value	Change %
Property and casualty insurance - France	223	134	(89)	-39.9%
Life and health insurance - France	339	191	(148)	-43.7%
Total Insurance - France	562	325	(236)	-42.2%
Property and casualty insurance - International	(110)	8	118	>100%
Life and health insurance - International	14	15	1	7.1%
Total Insurance - International	(96)	23	119	>100%
Financial businesses	38	43	5	13.2%
Holding company activities	(90)	(86)	5	4.4%
Groupama Total	413	306	(107)	-25.9%
<i>Property and casualty insurance</i>	<i>113</i>	<i>142</i>	<i>29</i>	<i>25.7%</i>
<i>Life and health insurance</i>	<i>353</i>	<i>206</i>	<i>(146)</i>	<i>-41.6%</i>

The Group's economic operating income totalled €306 million at 31 December 2020 compared with €413 million at 31 December 2019.

Economic operating income from insurance was €348 million in 2020, down €117 million from 2019.

Economic operating income in life and health insurance stood at €206 million in 2020 versus €353 million in 2019. This decrease can be attributed primarily to business in France, which dropped €148 million over the period. Groupama Gan Vie's operating income from Group insurance was heavily impacted by the health crisis. However, economic operating income from life and health insurance at the international subsidiaries was virtually stable over the period.

In property and casualty insurance, economic operating income amounted to €142 million compared with €113 million at 31 December 2019 (-€89 million in France and +€118 million internationally). The net combined ratio in non-life insurance was thus 98.7% in 2020 versus 97.0% in 2019 (+1.7 points). The loss experience was also marked by the health situation related to Covid-19: The following should be noted:

- › in France, the decrease in attritional loss experience of -1.7 points was offset by an increase in the cost of serious claims, which accounts for a significant part of the adverse changes, in particular in risks related to insurance for cancellations and operating losses for administrative closures. Internationally, attritional loss decreased by 8.9 points, particularly in connection with the health situation, which has reduced the claims burden of the segments (especially motor insurance) in which the Group operates. Also noteworthy is the unfavourable impact of other items and changes in prior years (+4.1 points) in a context of prudence associated with the uncertainty of the Covid-19 crisis as well as the decrease in external reinsurance expense (-1.4 points) due to the increase in the claims incurred ceded to reinsurers;
- › the increase in operating expenses (+0.3 points), due in particular to the weight of premium reduction measures granted to support policyholders in the context of the health crisis.

Banking and financial businesses contributed +€43 million to the Group's economic income in 2020. The Group's holding activity posted an economic operating loss of -€86 million in 2020, compared with -€90 million in 2019.

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The Group's net income totalled +€177 million at 31 December 2020, compared with +€345 million at 31 December 2019. The non-recurring financial margin decreased by €160 million. It includes gains of €118 million in 2020 compared with €354 million in 2019 (a fiscal year that included the sale of a property in Paris located on the Champs-Élysées).

The 2020 income also includes:

- › the result of the modification of the Insurance partnership with LBP for +€82 million;

- › the contribution to the VSE/SME Covid-19 fund and various grants for -€31 million;
- › the impact of the reduction in the tax rate representing -€19 million;
- › Orange Bank's equity-method result of -€50 million;
- › various non-recurring expenses amounting to -€56 million;
- › impairment of goodwill of the Italian subsidiary totalling -€126 million.

	31.12.2019	31.12.2020
Economic operating income	413	306
Net capital gains realised ⁽¹⁾	354	118
Allocation to reserves for long-term impairment ⁽¹⁾	(71)	(32)
Gains or losses on financial assets recognised at fair value ⁽¹⁾	9	45
Other expenses and income	(110)	(85)
Financing expenses	(63)	(49)
Net income from discontinued business activities	(4)	0
Goodwill impairment	(183)	(125)
NET INCOME	345	177

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

6.1.4.2 Summary of activity and income

Premium income (in millions of euros)	31.12.2019	31.12.2019 pro forma	31.12.2020	Actual change	Like-for-like change
Property and casualty insurance – France	3,466	3,363	3,362	-3.0%	0.0%
Groupama Gan Vie	4,012	4,012	4,172	4.0%	4.0%
Life and health insurance in France – excluding Groupama Gan Vie	651	651	656	0.8%	0.8%
Total Insurance - France	8,129	8,026	8,190	0.8%	2.0%
Property and casualty insurance – International	1,623	1,573	1,540	-5.1%	-2.1%
Life and health insurance – International	734	712	705	-4.0%	-1.0%
Total Insurance – International	2,357	2,285	2,245	-4.7%	-1.7%
Financial businesses	172	172	193	12.3%	12.3%
Total Groupama Assurances Mutuelles	10,657	10,483	10,628	-0.3%	1.4%
Total Insurance	10,486	10,311	10,436	-0.5%	1.2%
Property and casualty insurance	5,089	4,936	4,902	-3.7%	-0.7%
Life and health insurance	5,397	5,375	5,533	2.5%	2.9%

2019 pro forma data:

The restatement of certain data from 31 December 2019 was necessary to allow changes between the two periods to be compared and analysed.

Groupama Assurances Mutuelles: pro forma figures were used to take into account the end of the quota share treaty with La Banque Postale (impact: -€103 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 2019 were converted based on the exchange rate at 31 December 2020.

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 2020 and the actual data at 31 December 2019, converted at the average exchange rates at 31 December 2020.

At 31 December 2020, Groupama's consolidated premium income from Insurance increased 1.2% to €10.4 billion on a like-for-like basis (-0.5% in actual data) compared with 31 December 2019. Including financial businesses, the Group's consolidated premium income was up 1.4% on a like-for-like basis (-0.3% in actual change) at €10.6 billion.

The Group's property and casualty insurance premium income decreased 0.7%, combining stability in France and a 2.1% decrease internationally. Insurance for individuals and professionals decreased 2.6% under the circumstances of Covid-19, breaking down in -1.5% in France and -4.3% internationally. The passenger vehicle segment decreased 3.3%, while the professional risks segment, the focus of most of the customer support pricing measures in the context of the crisis, fell 6.0%. However, the good performance of business and local authorities insurance (+3.7%) offsets these changes and is explained by the growth of the fleet segment (+3.0%) and the business and local authorities casualty (+4.1%) segment.

Life and health insurance premium income grew by 2.9% at 31 December 2020. Groupama Gan Vie, home to the savings/pensions business in France, enjoyed 4.0% growth in premium income over the period, explained particularly by the success of a new retirement product. Other life and health insurance business activities in France increased 0.8%. The main reason for this change was the growth of municipal staff insurance (+12.3%), while the health (individual and group) segment was down 2.3% over the period. International life and health insurance premium income was down 1.0% due to the decline in individual savings/pensions (-3.4%), although the good performance of the Group retirement segment (+11.9%) dampened this trend.

Insurance premium income in France represented 77.1% of the Group's overall business over the period, whereas international insurance premium income amounted to 21.1% of total premium income. The Group's other businesses (financial businesses) represented 1.8% of total premium income. Net banking income from these businesses amounted to €162 million at 31 December 2020.

Economic operating income (in millions of euros)	31.12.2019	31.12.2020	Change in value	Change %
Property and casualty insurance – France	197	108	(89)	-45.2%
Life and health insurance – France	186	96	(90)	-48.4%
Total Insurance – France	383	204	(179)	-46.7%
Property and casualty insurance – International	(110)	9	118	>100%
Life and health insurance – International	14	15	1	7.1%
Total Insurance – International	(96)	24	120	>100%
Financial businesses	38	43	5	13.2%
Holding company activities	(91)	(86)	5	5.5%
Total Groupama Assurances Mutuelles	235	185	(50)	-21.3%
<i>Property and casualty insurance</i>	87	116	29	33.3%
<i>Life and health insurance</i>	200	111	(89)	-44.5%

The Group's economic operating income totalled €185 million at 31 December 2020 compared with €235 million at 31 December 2019.

Economic operating income from insurance was €227 million in 2020, down €60 million from 2019.

Economic operating income in life and health insurance stood at €111 million in 2020 versus €200 million in 2019. This decrease can be attributed primarily to business in France, which dropped €90 million over the period. Groupama Gan Vie's operating income from Group insurance was heavily impacted by the health crisis. However, operating income at the international subsidiaries was virtually stable over the period.

In property and casualty insurance, economic operating income amounted to €116 million compared with €87 million at 31 December 2019 (-€89 million in France and +€118 million internationally). The net combined ratio in non-life insurance was thus 99.8% in 2020 versus 98.5% in 2019 (+1.3 points). The loss experience was also marked by the health situation related to Covid-19: The following should be noted:

- › in France, the decrease in attritional loss experience was offset by an increase in the cost of serious claims, which accounts for a significant part of the adverse changes, in particular in risks related to insurance for cancellations and operating losses for administrative closures. Internationally, attritional loss is decreasing, particularly in connection with the health situation, which has reduced the claims burden of the segments (especially motor insurance) in which the Group operates. Also noteworthy is the unfavourable impact of other items and changes in prior years in a context of prudence associated with the uncertainty of the Covid-19 crisis as well as the decrease in external reinsurance expense due to the increase in the claims incurred ceded to reinsurers;
- › the increase in operating expenses (+0.8 points), due in particular to the weight of premium reduction measures granted to support policyholders in the context of the health crisis.

Banking and financial businesses contributed +€43 million to the Group's economic income in 2020. The Group's holding activity posted an economic operating loss of -€86 million in 2020, compared with -€91 million in 2019.

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The Group's net income totalled +€49 million at 31 December 2020 compared with +€104 million at 31 December 2019. The non-recurring financial margin decreased by €144 million. It includes gains of €70 million in 2020 compared with €297 million in 2019 (a fiscal year that included the sale of a property in Paris located on the Champs-Élysées).

The 2020 income also includes:

- › the positive result of the modification of the Insurance partnership with LBP for +€82 million;

- › the contribution to the VSE/SME Covid-19 fund and various grants for -€15 million;
- › the impact of the reduction in the tax rate representing €6 million;
- › Orange Bank's equity-method result of -€50 million;
- › various non-recurring expenses amounting to -€49 million;
- › impairment of goodwill of the Italian subsidiary totalling -€126 million.

	31.12.2019	31.12.2020
Economic operating income	234	185
Net capital gains realised ⁽¹⁾	297	70
Allocation to reserves for long-term impairment ⁽¹⁾	(67)	(22)
Gains or losses on financial assets recognised at fair value ⁽¹⁾	(9)	29
Other expenses and income	(102)	(38)
Financing expenses	(63)	(49)
Net income from discontinued business activities	(4)	0
Goodwill impairment	(183)	(125)
NET INCOME	104	49

(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)	31.12.2019 pro forma			31.12.2020		
	L&H	P&C	Total	L&H	P&C	Total
Groupama Assurances Mutuelles	501	1,729	2,230	511	1,748	2,259
Groupama Gan Vie	4,012		4,012	4,172		4,172
Gan Assurances	145	1,266	1,410	140	1,250	1,390
Other entities ⁽¹⁾	6	368	374	5	364	369
TOTAL	4,663	3,363	8,026	4,828	3,362	8,190

(1) Including Assu-Vie.

Insurance premium income in France at 31 December 2020 increased by 2.0% compared with 31 December 2019 and totalled 8,190 million.

(a) Property and casualty insurance

Insurance premium income (in millions of euros)	P&C - France		
	31.12.2019 pro forma	31.12.2020	Change%
Groupama Assurances Mutuelles	1,729	1,748	1.1%
Gan Assurances	1,266	1,250	-1.2%
Other entities	368	364	-1.2%
TOTAL	3,363	3,362	0.0%

Property and casualty insurance premium income (41.0% of premium income in France) remained stable at €3,362 million at 31 December 2020. Insurance for individuals and professionals decreased 1.5% over the period to €1,885 million (more than 55% of written premiums in property and casualty insurance). The professional risks segment, marked by Covid-19-related premium reduction measures, fell 6.2% to €309 million at 31 December 2020. Passenger vehicle insurance (-0.6% at €883 million) and home insurance (-1.0% at €557 million) also suffered from the circumstances of the crisis. Insurance for businesses and local authorities (€528 million and 16% of the portfolio) was up 4.5%, driven by the good performance of the fleet segment (+3.6% at €265 million) and the business and local authorities casualty segment (+5.3% to €263 million).

Groupama Assurances Mutuelles's premium income from property and casualty insurance totalled €1,748 million at 31 December 2020, an increase of 1.1%, driven mainly by the good performance of business and local authorities insurance (+4.4%) and the agricultural business segment (+3.9%). However, the decline in insurance for individuals and professionals (-0.9%) mitigated this movement. It is mainly explained by the decline in the professional risks (-4.0%), passenger vehicle (-0.7%), and home insurance (-1.3%) segments.

Premium income for Gan Assurances decreased 1.2% to €1,250 million at 31 December 2020 and held up well against the health crisis overall. The passenger vehicle segment fell 0.6%. The professional risks segment, where most of the development actions are concentrated, faced a slightly more difficult situation due to the health crisis and was down 6.9%. The good performance in business and local authority damage insurance (+7.7%) significantly mitigated these movements.

Groupama Assurance-Crédit et Caution posted premium income of €46 million at 31 December 2020, up 0.8% from the previous period. However, the segment's good performance was offset by the decline in the credit segment.

Mutuaide Assistance's premium income at 31 December 2020 was down 4.4% at €190 million due to the health crisis and its impact on travel contracts in particular.

Société Française de Protection Juridique's premium income grew by 3.3% to €128 million as of 31 December 2020.

Economic operating income in property and casualty insurance in France totalled €108 million in 2020 compared with €197 million at 31 December 2019. It is presented as follows:

Property and casualty insurance in France (in millions of euros)	31.12.2019		31.12.2020		2020-2019 change	
Gross earned premiums	3,467	100.0%	3,343	100.0%	(124)	-3.6%
Underwriting expenses (policy servicing) – excluding claims management costs	(2,043)	-58.9%	(2,230)	-66.7%	(187)	-9.2%
Reinsurance balance	(133)	-3.8%	37	1.1%	170	>100%
Underwriting margin net of reinsurance	1,290	37.2%	1,149	34.4%	(141)	-10.9%
Net expenses from current underwriting operations	(1,005)	-29.0%	(1,010)	-30.2%	(5)	-0.5%
Underwriting income net of reinsurance	285	8.2%	139	4.2%	(146)	-51.1%
Recurring financial margin net of tax	43	1.2%	43	1.3%	(1)	-1.2%
Other items	(131)	-3.8%	(74)	-2.2%	57	43.5%
Economic operating income	197	5.7%	108	3.2%	(89)	-45.2%
Capital gains realised net of corporate income tax	33	1.0%	2	0.1%	(31)	-94.6%
Gains or losses on financial assets recognised at fair value net of corporate income tax	(3)	-0.1%	(2)	-0.1%	1	31.4%
Other operations net of corporate income tax	(76)	-2.2%	(40)	-1.2%	36	47.7%
Income excluding restructuring	151	4.4%	68	2.0%	(83)	-55.1%
Net income from discontinued business activities	(3)	-0.1%		0.0%	3	NA
GROUP NET INCOME	148	4.3%	68	2.0%	(80)	-54.2%

In France, net underwriting income (gross premiums earned – gross underwriting expenses – net expenses from current underwriting operations and reinsurance balance) decreased by €146 million over the period. The deterioration in the net combined ratio of 4 points to 95.8% in 2020 was the cause of this change. The loss experience for the 2020 fiscal year was affected by two

opposite effects: an improved attritional loss experience, especially in the motor segment, and a decline in serious claims. Serious claims were marked by exceptional events related to operating losses for administrative closures, cancellations of events, and credit and assistance risks due to the health situation. The net loss ratio decreased by 2.8 points to 65.6% in 2020.

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The following key items should be noted at 31 December 2020:

- the combined ratio of Groupama Assurances Mutuelles, the Group's internal reinsurer, deteriorated by 5.3 points to 97.3% in 2020. This change stemmed from the increase in the net loss experience. The operating costs ratio was up 0.5 points at 22.7% 31 December 2020;
- underwriting income for Gan Assurances in property and casualty insurance was down €5 million from 2019. The gross loss experience deteriorated by 5.3 points. The current loss experience decreased by 2.6 points, combining a decrease in attritional loss experience of 6.1 points, an increase in serious claims of 3.2 points (mainly in motor and agricultural), and, to a lesser extent, an increase in weather claims of 0.4 points. Taking these factors into account, reinsurance played a positive role, reducing the net loss ratio to 64.6% in 2020 (-1 point compared with 2019). It should be noted that the changes on

claims, which were slightly lower than last year, take into account a level of caution given the circumstances of 2020. The operating cost ratio was up by +1.3 points at 32.9% in 2020, particularly due to the increase in earned premiums.

In France, the recurring financial margin (after tax) of the property and casualty insurance business amounted to €43 million in 2020, down nearly 1% 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 €68 million in 2020 *versus* €148 million in 2019. The non-recurring financial margin decreased by €30 million over the period under the effect of lower realised gains. Other transactions net of taxes amounted to -€40 million mainly in connection with the decrease in the deferred tax rate and the contribution to the Covid-19 fund (-€8 million).

(b) Life and health insurance

Insurance premium income (in millions of euros)	L&H France		
	31.12.2019 <i>pro forma</i>	31.12.2020	Change %
Groupama Gan Vie	4,012	4,172	4.0%
Groupama Assurances Mutuelles	501	511	2.0%
Gan Assurances	145	140	-3.4%
Other entities ⁽¹⁾	6	5	-4.9%
TOTAL	4,663	4,828	3.5%

(1) Including Assu-Vie.

Life and health insurance premium income (59.0% of premium income in France) increased 3.5% to €4,828 million at 31 December 2020. Group premium income for life insurance and capitalisation in France increased 7.2% in a market down 20% at the end of December 2020 (source: FFA). This change is mainly attributable to the growth in the individual savings/pensions business (+12.7%), thanks in particular to the major commercial success of Perin policies (individual savings/pensions plans). After including arbitrage operations (euros to unit-linked at -€497 million), Fourgous transfers (€99 million), and unit-linked net inflows (€661 million), the rate of actuarial reserves in unit-linked individual savings is now 28.8% (compared with 28.1% at 31 December 2019).

Premium income in health and bodily injury insurance at 31 December 2020 decreased 1.2% compared with the previous period. The good performance of municipal staff insurance (+12.3%) does not compensate for the decrease in the health insurance business (-2.3%), breaking down in -0.6% in individual health insurance and -3.1% in Group health insurance, mainly related to the anticipation of premiums in arrears that will be unpaid in the context of the health crisis.

The Group's net inflows in France were negative at -€865 million at 31 December 2020 compared with -€977 million during the previous period.

Premium income of the networks constituting Groupama Gan Vie rose 4.0% to €4,172 million as of 31 December 2020. By business line, the majority of Groupama Gan Vie's premium income was generated in individual insurance (57.3%), with written premiums up 10.0% compared with 31 December 2019 at €2,391 million. The individual savings/pensions segment was up 12.7%, consisting of a 7.8% decrease in individual savings in connection with the health crisis and a 75.4% increase in individual retirement due to the launch of the Perin product and its very significant commercial performance. The ongoing UL development strategy resulted in a 39.4% increase in premium income in individual UL savings/pensions and a 3.3% decrease in premium income in euros for this segment. UL assets in individual savings now represent 28.8% of the total assets. Also note that Groupama Gan Vie had €99 million in Fourgous transfers to multi-component funds (including €85 million invested in UL). Group insurance (42.7% of business) suffered the consequences of the health crisis and fell 3.1% to €1,781 million, mainly due to the decrease in protection insurance (-10.6%) and health insurance (-3.9%).

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

<i>(in € million)</i>	31.12.2019	31.12.2020	2020-2019 Change
Regional mutuals	1,144	1,117	-2.4%
General agents	777	899	15.6%
Brokerage	1,345	1,327	-1.3%
Gan Patrimoine	294	369	25.5%
Gan Prévoyance	450	459	2.0%
Réunima	1	1	2.6%
TOTAL	4,012	4,172	4.0%
Individuals	2,172	2,391	10.0%
<i>of which unit-linked savings/pensions</i>	672	937	39.4%
<i>of which savings/pensions (in euros)</i>	1,119	1,082	-3.3%
Groups	1,839	1,781	-3.1%
TOTAL	4,012	4,172	4.0%

Premium income of the network of regional mutuals amounted to €1,117 million at 31 December 2020, down 2.4% compared with the previous year. In individual insurance, business totalled €1,048 million (-2.5%) and suffered from the decrease in premium income in individual savings/pensions (-3.1%, including +41.8% on UL vehicles and -28.2% in euros). However, this change masks a 69.4% increase in individual retirement premiums resulting from the success of Perin products, while the individual savings business declined by 8.5%. The Group insurance premium income remained stable at €67 million as of 31 December 2020.

The Gan Assurances network posted premium income of €899 million at 31 December 2020, up 15.6% compared with the previous period, driven by individual insurance. Written premiums in individual insurance (+45.9%) benefited from the growth in individual savings/pensions (+72.8% including +58.5% on UL vehicles). The good performance of the individual retirement business, with premium income tripling over the period due to the success of Perin products, was offset by the decline in individual savings (-19.4%). The Group insurance business was down 9.5% at 31 December 2020 in connection with the decline in the protection insurance segment (-16.4%).

The brokerage network recorded premium income of €1,327 million at 31 December 2020, down 1.3% compared with 31 December 2019, mainly under the effect of the decline in protection insurance (-9.5%) and health insurance (-4.1%). However, these changes were mitigated by the growth in Group inward reinsurance (+25.6%).

Premium income for the Gan Patrimoine network was up 25.5%, totalling €369 million at 31 December 2020, driven by growth in the individual savings/pensions segment (+26.3%), particularly on UL vehicles (+31.0%).

The Gan Prévoyance sales network contributed €459 million to group premium income at 31 December 2020, a 2.0% decrease compared with the previous period. The individual savings/pensions business (+4.5%) was driven by the growth in individual retirement (+10.0% related to Perin products), breaking down in a 38.3% increase in UL and a 10.3% decrease in euros. Meanwhile, individual protection insurance was down (-3.7%).

Gan Assurances life and health insurance premium income declined 3.4% to €140 million as of 31 December 2020 in connection with the decline in the individual health insurance business (-3.3%).

The Caisses Fraternelles generated €3 million in premium income at 31 December 2020 compared with €2 million over the previous period.

The discontinued business of the subsidiary Assu-Vie decreased 26.7% compared with 31 December 2019. Its premium income (consisting only of periodic premiums in run off) amounted to €3 million at 31 December 2020.

In life and health insurance, economic operating income in France was €96 million in 2020 compared with €186 million in 2019.

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Life and health insurance in France (in millions of euros)	31.12.2019		31.12.2020		2020-2019 change	
Gross earned premiums	4,694	100.0%	4,867	100.0%	173	3.7%
Underwriting expenses (policy servicing) – excluding claims management costs	(3,643)	-77.6%	(3,976)	-81.7%	(333)	-9.2%
Reinsurance balance	(14)	-0.3%	(27)	-0.6%	(13)	-94.9%
Underwriting margin net of reinsurance	1,037	22.1%	863	17.7%	(174)	-16.8%
Net expenses from current underwriting operations	(947)	-20.2%	(968)	-19.9%	(20)	-2.1%
Underwriting income net of reinsurance	90	1.9%	(105)	-2.1%	(194)	<-100%
Recurring financial margin net of profit sharing and tax	128	2.7%	182	3.7%	54	42.4%
Other items	(31)	-0.7%	19	0.4%	50	>100%
Economic operating income	186	4.0%	96	2.0%	(90)	-48.4%
Capital gains realised net of corporate income tax and profit sharing	245	5.2%	82	1.7%	(163)	-66.6%
Allocations to reserves for long-term impairment net of corporate income tax and profit sharing	(65)	-1.4%	(8)	-0.2%	58	88.2%
Gains or losses on financial assets recognised at fair value net of corporate income tax and profit sharing	(8)	-0.2%	15	0.3%	23	>100%
Other operations net of corporate income tax	1	0.0%	(39)	-0.8%	(40)	<-100%
GROUP NET INCOME	359	7.6%	146	3.0%	(213)	-59.4%

Underwriting income net of reinsurance decreased by €194 million at 31 December 2020 mainly due to the health crisis.

Groupama Gan Vie's net underwriting income declined by €168 million over the period in line with the decrease in the net underwriting margin (-€146 million) and the increase in operating expenses by 21 million. This decrease is explained by the deterioration of the current margin during the health crisis and by the increase in the prudential provision expense taking into account the financial environment.

In Group insurance, the current underwriting margin fell sharply. The protection and health insurance segments were heavily impacted by the health crisis with premium income down and benefits up (work stoppage and death). In individual insurance, the current underwriting margin was almost stable.

Operating expenses increased in part due to increased commissions related to successful commercial operations.

The net underwriting income from life and health insurance of Groupama Assurances Mutuelles was down €35 million over the period.

Recurring financial margin (net of profit sharing and tax) increased €54 million over the period. The decrease in financial income was more than offset by a lower net profit-sharing expense at Groupama Gan Vie.

In France, net income from life and health insurance amounted to €146 million at 31 December 2020 compared with €359 million at 31 December 2019. The non-recurring financial margin decreased by €82 million over the period, mainly due to lower realised gains. Other transactions net of taxes amounted to -€39 million mainly in connection with the decrease in the deferred tax rate and the contribution to the Covid-19 fund.

6.1.4.4 International activity and earnings

International premium income (in millions of euros)	31.12.2019 <i>pro forma</i>			31.12.2020		
	L&H	P&C	Total	L&H	P&C	Total
Italy	417	916	1,334	389	858	1,247
Greece	61	90	151	65	83	148
Turkey	30	119	149	34	142	176
Hungary	168	174	342	173	192	364
Romania	17	208	225	22	198	220
Bulgaria	9	11	19	13	11	24
Gan Outre-Mer	9	56	65	9	57	66
TOTAL	712	1,573	2,285	705	1,540	2,245

The Group's international combined premium income was €2,245 billion at 31 December 2020, down 1.7% from 31 December 2019.

Property and casualty insurance premium income was €1,540 million as of 31 December 2020, down 2.1% compared with the previous period due to the decline in the passenger vehicle insurance segment (-5.6%, or nearly 60% of written premiums in property and casualty insurance). This decrease is attributable to most countries, mainly Italy (with Covid-19 combined with competitive pressure), which continued to implement its underwriting recovery programme begun last year. In this particular context, Hungary and Turkey managed to post an increase in passenger vehicle premiums. The good performance of agricultural business (+16.3%) and business and local authorities (+2.1%) is noteworthy.

Life and health insurance premium income decreased 1.0% to €705 million. Individual life and health insurance decreased 1.8% due to the decline in individual savings/pensions (-3.4%, or nearly 65% of life and health insurance written premiums), mainly in Italy. Group life and health insurance was up +5.0% at €91 million in connection with the growth in the Group retirement segment (+11.9%), especially in Italy and Greece.

Economic operating income from insurance within the International scope represented a profit of €24 million at 31 December 2020 compared with a loss of -€96 million at 31 December 2019.

Economic operating income from the property and casualty insurance business amounted to €8 million at 31 December 2020 compared with -€110 million at 31 December 2019. The combined ratio was down 10.6 points at 101.5%. The impact of the health crisis and the lockdown policies decreased the frequency of claims in all the subsidiaries, which offset the decrease in new business, mainly in the motor insurance segment. It is worth noting that the Italian subsidiary's recovery plan continued and contributed to the improvement of this result. The operating cost ratio worsened by 1.2 points to 35.3% under the effect of the decline in earned premiums.

Economic operating income from life and health insurance remained stable at +€15 million in 2020. Non-life personal insurance improved with a combined ratio down 7.2 points at 93.0% due to the decrease in the frequency of claims associated with the lockdown periods (mainly in individual health). Conversely, life insurance underwriting income decreased due in particular to the decrease in new business, net inflows, and redemptions.

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Economic operating income (in millions of euros)	31.12.2019	31.12.2020
Italy	(121)	(6)
Greece	7	6
Turkey	4	6
Hungary	20	26
Romania	(14)	(6)
Bulgaria	(1)	1
Gan Outre-Mer	9	7
Equity-method entities	(1)	(10)
Tunisia (Star)	3	2
China (AVIC)	(4)	(11)
TOTAL	(96)	24

Net income from international insurance amounted to €10 million at 31 December 2020 compared with -€98 million at 31 December 2019.

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

Net income (in millions of euros) ⁽¹⁾	31.12.2019	31.12.2020
Italy	(136)	(26)
Greece	8	7
Turkey	10	5
Hungary	23	24
Romania	(13)	2
Bulgaria	0	1
Gan Outre-Mer	10	7
Equity-method entities	(1)	(10)
Tunisia (Star)	3	2
China (Groupama AVIC)	(4)	(11)
TOTAL	(98)	10

(1) Excluding income from the holding business.

(a) Italy

Premium income for the Italian subsidiary Groupama Assicurazioni fell 6.5% to €1,247 million at 31 December 2020.

Property and casualty insurance premium income decreased 6.4% to €858 million. The passenger vehicle insurance segment (nearly 70% of property and casualty insurance premiums) fell 8.3%. Competitive pressure in the context of Covid-19 combined with the roll-out of the subsidiary's recovery plan explains the portfolio's decline in number and new business.

Life and health insurance business (€389 million) decreased 6.8% compared with the previous period. Individual savings/pensions premium income decreased 5.9%. More specifically, individual UL savings fell 5.4% (mainly on the network of agents), while the decline in individual savings in euros (-6.7%) followed the market trend. Group life and health insurance premium income was down 17.3%, with the good performance in the retirement segment (+15.1%) unable to offset the decline in the health segment (-44.4%).

Economic operating income amounted to -€6 million compared with -€121 million at 31 December 2019.

The combined ratio in property and casualty insurance was 103.6%, a decrease of 15.8 points compared with the previous fiscal year. This change is explained by the combination of several factors that favourably affected the current loss experience (down 14 points at 63.3%) on almost all segments and particularly on the motor segment: decrease in the frequency of claims during the lockdown periods and less impact of changes in provisions on prior fiscal years (28% decrease in underwriting losses compared with 2019, a year in which the provisioning was adjusted). In motor insurance, the current loss experience was thus down 19 points at 60%. The continuation of structural reforms also contributed to improving underwriting profitability. The operating cost ratio increased by 1.8 points to 33.2% due to the decline in earned premiums.

In life and health insurance, the underwriting income improved significantly mainly due to the decrease in the loss experience during the lockdown periods. In life insurance, the underwriting margin improved in individual protection insurance (2019 was marked by significant serious claims) as well as in individual savings. In non-life insurance, the individual insurance and health insurance segments improved as a result of the decrease in loss experience.

The recurring financial margin (net of profit sharing) decreased due to the decrease in rates.

Net income totalled -€26 million compared with -€136 million at 31 December 2019. This result includes the non-recurring financial margin (realised gains, allocation to provisions for impairment, and change in fair value of financial instruments), which includes, in particular, the impairment of investment assets.

(b) Turkey

Premium income for the Turkish subsidiaries Groupama Sigorta and Groupama Emeklilik increased 18.0% to €176 million at 31 December 2020.

In a country that continues to be affected by significant inflation of 14.6%, property and casualty insurance premium income (€142 million) increased 19.5%. Passenger vehicle insurance (+15.9%) benefited from marketing campaigns that were good for both the damage segment (+16.2%) and the liability segment (+15.2%). The good performance posted by the business protection segment (+25.6%) should also be noted.

The life and health insurance business (€34 million) increased 12.1%, mainly due to the growth of the health insurance segment (individual and group: +12.5%). In the individual savings/pensions sector (+3.2%), marketing campaigns made it possible to offset the effects of the pandemic.

Economic operating income for the Turkish subsidiaries Groupama Sigorta and Groupama Hayat was €6 million (€4 million at 31 December 2019).

The combined ratio of property and casualty insurance was 112.9% compared with 117.3% at 31 December 2019, a decrease of 4.4 points. Current claims improved by 11.3 points to 77.5% in connection with the decrease in the frequency of motor claims during the lockdown period. However, this improvement was mitigated by deficits on prior fiscal years associated with serious claims for business damages in particular. The gross loss experience was 75.9%, down 6.2 points. The reinsurance ratio was up by +2.9 points. The operating costs ratio decreased by 1 point to 29.1%.

The life and health insurance underwriting result increased. Against this backdrop, non-life personal insurance benefited from the decrease in the frequency of individual health claims during the lockdown period. However, life and health insurance recorded losses related to the liquidation of run-off portfolios (following the termination of distribution agreements with TKK Bank in 2018) and an unfavourable foreign exchange effect on contracts in dollars.

The recurring financial margin (net of profit sharing and tax) was down due to lower rates of return (Turkish key rates fell sharply in early 2020 before returning to slightly higher levels in the second half of the year).

The net income of the Turkish subsidiaries totalled +€5 million at 31 December 2020 compared with +€10 million at 31 December 2019. This result includes non-recurring financial income, which was down sharply from the previous period.

(c) Greece

Groupama Phoenix's premium income decreased 1.7% compared with the previous period to €148 million at 31 December 2020. Different segments fared differently.

Property and casualty insurance activity fell 7.4% to €83 million in a context marked by strong competitive pressure, during health crisis, particularly in the passenger vehicle segment (nearly 70% of property and casualty insurance premiums), which fell 10.6% in line with the portfolio's decline in number (the subsidiary did not engage in the pricing war to maintain its margins).

Life and health insurance premium income was up 6.7% at €65 million, driven by the good performance of individual health (+10.9% due to the development of the portfolio), group retirement (+9.5% due to the development of large policies), and group health (+27.8%). Individual UL savings/pensions premiums were down -20.5%, affected by the economic consequences of the health crisis.

Economic operating income represented a profit of +€6 million at 31 December 2020 *versus* +€7 million at 31 December 2019.

The combined ratio in property and casualty insurance was 86.3%, a decrease of 2.4 points from the previous period. The lockdown period due to the health crisis had a favourable impact on the current loss experience, particularly in the motor insurance segment, with a significant decrease in the frequency of claims, which offset the decrease in liquidation surpluses. The operating cost ratio increased by 1.6 points to 45.0% due to the decline in earned premiums.

Life and health insurance underwriting income was down compared with the previous period due in particular to the less favourable discount rate in life insurance.

The recurring financial margin (net of profit sharing and tax) shows lower income.

Net income totalled €7 million, down €1 million from 2019.

(d) Hungary

Premium income of the subsidiary Groupama Biztosito in Hungary increased 6.5% to €364 million at 31 December 2020.

Written premiums in property and casualty insurance were up 10.1% at €192 million at 31 December 2020. The development of the portfolio (particularly thanks to the network of brokers) but also the effect of the growth in the average premium explain the growth of the passenger vehicle segment (+9.5%). The business property damage insurance segment posted growth of 16.9%, mainly due to the launch of a new product and the development of new business. Premium income of the fleet insurance segment was 19.6%.

In life and health insurance, premium income was up 2.7%, reaching €173 million, driven by growth in individual protection (+5.3%) and individual savings/pensions (+2.1%). The contraction in unit-linked premiums was offset by growth in traditional savings. However, the subsidiary's life/savings premium income continued to consist of 83.1% UL policies.

Economic operating income amounted to €26 million at 31 December 2020 compared with €20 million in 2019.

The net combined ratio for property and casualty insurance decreased by 1.5 points to 95.4% at 31 December 2020. This improvement was due to higher premium income in motor insurance and a lower frequency of claims during the lockdown period. In addition, weather conditions were generally favourable. The subsidiary also continued its portfolio selection policy. The operating cost ratio decreased by 2.1 points to 48.4% under the effect of the increase in earned premiums.

The underwriting result in life and health insurance was up slightly. The health crisis favoured traditional savings products in life insurance, compensating for losses in non-life insurance (in particular, individual protection claims due to unemployment).

The recurring financial margin (net of profit sharing and tax) was higher.

The Hungarian subsidiary's net income appeared to be relatively stable at €24 million. This result incorporates the non-recurring financial margin, which decreased as a result of unrealised gains on market-value investments through profit or loss.

(e) Romania

Premium income of the Romania subsidiary Groupama Asigurari declined by 2.4% to €220 million at 31 December 2020. Different segments fared differently.

The property and casualty insurance business (€198 million) decreased -4.8%. The passenger vehicle segment (more than 60% of premiums in property and liability insurance) decreased 10.8%, breaking down into -0.6% on the damages segment and -37.4% in liability. In this segment, the volume of business was deliberately limited in a market context where a few players engaged in a very aggressive pricing war. The good performance of the business damage insurance (+9.3%) and agricultural business line (+18.5%) segments mitigated these changes.

Life and health insurance premium income (€22 million) increased 27.5% over the period, driven by growth in group health (+25.5%), particularly due to new policies and significant policy renewals. The growth in the individual protection segment (+31.8%) should also be noted.

The Romanian subsidiary's economic operating income represents a loss of €6 million at 31 December 2020 compared with a loss of €14 million at 31 December 2019.

The net combined ratio in property and casualty insurance decreased 4.8 points to 102.9% at 31 December 2020. This change resulted both from the decrease in the frequency of motor claims segment during the lockdown period and from the return to structural profitability of motor damage following the recovery measures put in place. On the other hand, severe weather (exceptional drought and hail) negatively affected the agricultural business and home insurance segments. The operating cost ratio increased by 1.8 points (to 33.7%) due to the decrease in earned premiums and inflation.

Life and health insurance underwriting income was down due to a poor loss experience on life insurance policies in the group and individual segments.

The recurring financial margin (net of profit sharing and tax) was down due to an unfavourable foreign exchange effect compared with last year.

Net income totalled €2 million compared with a loss of -€13 million at 31 December 2019. This result includes a profit of €7 million with respect to the writeback of a reserve established in 2018 and no longer needed.

(f) Bulgaria

In Bulgaria, the premium income of the subsidiaries Groupama Zastrahovane and Groupama Jivotozastrahovane climbed 25.6% to €24 million at 31 December 2020. Life and health insurance totalled €13 million, up +49.6% due to the takeover of Express Life. Property and casualty insurance (€11 million) was up +5.6%. The growth in the business damage segment (+57.6% from the development of new business) and the financial losses segment (+49.4%) offset the decline in passenger vehicles (-16.5%).

The contribution of the Bulgarian subsidiaries to the Group's net income was +€0.9 million at 31 December 2020 compared with -€0.4 million over the previous period.

(g) Gan Outre-Mer

Gan Outre-Mer's premium income rose +1.6% to €66 million as of 31 December 2020. The property and casualty insurance business amounted to €57 million (+2.2%) and benefited from growth in the passenger vehicle (+2.9%) and home insurance (+2.0%) segments. Life and health insurance premium income (mainly individual health) remained stable at €9 million.

Gan Outre-Mer's economic operating income totalled +€7 million at 31 December 2020 compared with €9 million in 2019. Net underwriting income in property and casualty insurance decreased by -€3 million with a net combined ratio that worsened by 6.6 points to 79.4%. The operating cost rate was down -0.6 points at 27.2% in 2020.

Gan Outre-Mer's net income totalled €7 million in 2020 compared with €10 million in 2019.

(h) Tunisia

The equity-method income of the Tunisian subsidiary Star was +€2 million as of 31 December 2020.

(i) China

The Chinese subsidiary's contribution represented a loss of -€11 million at 31 December 2020 compared with -€4 million at 31 December 2019. The subsidiary was struck by a series of exceptionally severe weather conditions (drought, typhoon, etc.).

6.1.4.5 Financial businesses

(in millions of euros)

	31.12.2019	31.12.2020	2020-2019 change	
Net banking income, net of cost of risk and long-term financial instruments	152	162	10	6.4%
Other operating income and expenses and non-underwriting current income and expenses	(99)	(101)	(3)	-3.0%
Other items	(16)	(18)	(2)	-13.7%
Economic operating income	38	43	5	12.4%
Other operations net of corporate income tax	(63)	(50)	13	20.2%
Income excluding restructuring	(25)	(8)	17	69.6%
Goodwill impairment	(81)		81	NA
GROUP NET INCOME	(106)	(8)	99	92.8%

The economic operating income of financial and banking businesses totalled +€43 million in 2020 *versus* +€38 million in 2019. These figures include Groupama Asset Management's earnings, which totalled €39 million at 31 December 2020 compared with €32 million at 31 December 2019. The economic operating income of the other entities (Groupama Immobilier, Groupama Épargne Salariale, and Groupama Gan Reim) represented +€4 million in income in 2020.

Net income from financial and banking businesses totalled -€8 million at 31 December 2020 compared with -€106 million over the previous period. This figure takes into account Orange Bank's loss of -€50 million. As a reminder, net income at 31 December 2019 included in other transactions net of taxes not only Orange Bank's equity-method income for -€63 million but also the impairment of Orange Bank securities for -€81 million.

EARNINGS AND FINANCIAL POSITION

Management report of the Board of Directors

6.1.4.6 Groupama Assurances Mutuelles and holdings

<i>(in millions of euros)</i>	31.12.2019	31.12.2020	2020-2019 change	
Other operating income and expenses and non-underwriting current income and expenses	(147)	(149)	(1)	-0.7%
Recurring financial income (after corporate income tax)	3	10	7	>100%
Other items	54	53	(1)	-1.1%
Economic operating income	(91)	(86)	5	5.4%
Capital gains realised net of corporate income tax	9	(15)	(23)	<-100%
Allocations to reserves for long-term impairment net of corporate income tax		(8)	(8)	<-100%
Gains or losses on financial assets recognised at fair value net of corporate income tax	(2)	16	19	>100%
Financing expenses	(63)	(49)	14	22.0%
Other operations net of corporate income tax	51	99	48	92.8%
GROUP NET INCOME	(97)	(43)	54	55.9%

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 respect of this role, Groupama Assurances Mutuelle directs the operating activities of the Group and 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 increased slightly to -€86 million in 2020. This change was mainly related to the improved recurring financial margin, while the other items were almost stable.

The net income of holding companies was a loss of -€43 million at 31 December 2020 compared with a loss of -€97 million at 31 December 2019.

This result was impacted by the decrease in the non-recurring financial margin related in particular to the repayment of the Zen bond and the unwinding of the associated swap as well as the decrease in financing expenses of €14 million. Other transactions net of taxes generated +€99 million in income mainly related to the decrease in the deferred tax rate in France and various allowances compared with only €+51 million in 2019.

The Group's net income was broken down as follows:

<i>Net income (in millions of euros)</i>	31.12.2019	31.12.2020
Total Insurance - France	510	214
Total Insurance - International	(98)	10
Banking and financial businesses	(25)	(8)
Holding company activities	(97)	(95)
Goodwill impairment	(183)	(125)
Other	(3)	52
TOTAL NET INCOME - GROUPAMA ASSURANCES MUTUELLES	104	49

Goodwill impairment was mainly related to an impairment expense on the Italian subsidiary's goodwill.

6.1.4.7 Consolidated balance sheet

At 31 December 2020, Groupama's consolidated balance sheet totalled €95.0 billion, compared with €93.6 billion in 2019, an increase of 1.6%.

(a) Goodwill

Goodwill amounted to €1.6 billion as of 31 December 2020 compared with €1.8 billion in 2019, following the impairment of goodwill of the Italian subsidiary.

(b) Other intangible assets

Other intangible assets totalling €266 million at 31 December 2020 (*versus* €245 million in 2019) are composed primarily of amortisable portfolio securities (€31 million) and computer software. The change in this item is related to software activations and amortisation for the period.

(c) Investments (including unit-linked investments)

Insurance investments totalled €84.6 billion in 2020 compared with €83.7 billion in 2019, an increase of 1.0%.

The Group's unrealised gains (including property) increased by €0.8 billion to €10.7 billion (compared with €9.9 billion at the

previous close), mainly because of the increase in unrealised gains on bonds.

By asset allocation, unrealised gains are broken down into €8.0 billion on bonds, +€0.8 billion on equities, and +1.8 billion on property.

Unrealised gains on financial assets (excluding property) totalled €8.9 billion, with €2.1 billion attributable to the Group (after profit sharing and tax) *versus* €1.8 billion at 31 December 2019. 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 +€0.62 billion compared with +€0.56 billion at 31 December 2019. 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 5.9% at 31 December 2020 *versus* 5.6% at 31 December 2019 according to an economic view.

(d) Group's equity

Groupama's equity at 31 December 2019 was +4.6% higher than the previous period, totalling €6.4 billion.

This change can be summarised as follows:

(in millions of euros)

GROUP'S EQUITY AT 2020 OPENING	6,076
Change in revaluation reserve: fair value of AFS assets	879
Change in revaluation reserve: shadow accounting	(391)
Change in revaluation reserve: deferred tax	(138)
Foreign exchange adjustment	(57)
Other	(62)
Profit/Loss	49
GROUP'S EQUITY AT 31.12.2020	6,356

(e) Subordinated liabilities, financing and other debts

Subordinated liabilities and external debt remained stable at €1.6 billion at 31 December 2020.

Subordinated debts amounted to €1,632 million in 2020 *versus* €1,630 million at the end of 2019.

(f) Technical reserves

Gross underwriting reserves (including deferred profit sharing) totalled €76.5 billion at 31 December 2020, compared with €75.8 billion at 31 December 2019.

(g) Contingent liabilities

Reserves for contingent liabilities totalled €394 million in 2020, compared with €356 million in 2019, 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 26.9% at the end of 2020, compared with 27.2% at 31 December 2019.

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, supervisory 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.

As Group parent company, Groupama Assurances Mutuelles handles the accounting for a number of subsidiaries through its Shared Service Centre (operating SCIs, GIE Groupama Support & Services, holding companies, and other subsidiaries) as well as investment accounting for the French subsidiaries.

The Group Financial Control Department prepares the financial component 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 OTC transactions are secured by a system of "collateralisation" with leading bank counterparties selected by Groupama Assurances Mutuelles.

6.1.7.3 Equity risk

In 2020, 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 compensation 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 Profit/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 contribution thus appear in the individual financial statements for €2,767.0 million, which break down into €40.7 million in substituted contributions net of inward reinsurance in quota share of the reinsurer Groupama Assurances Mutuelles and €2,726.3 million in earned contributions (excluding substitution).

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

Earned contributions reached €2,726.3, down 3.0% (€83.2 million) compared with 2019 (€2,809.4 million). This change came mainly from:

- › inward reinsurance from the regional mutuals, up €13 million (+0.6%) to €2,195 million. Growth was mitigated by the effect of the takeover of the Amaguiz portfolio (100% reinsured in 2019 by Groupama Assurances Mutuelles but falling within the General Reinsurance Regulations of the regional mutuals in 2020, for an average divestment rate of 30% at GMA). Excluding the Amaguiz effect, contributions increased by approximately €67 million (+3.1%), despite premium reduction measures granted by the regional mutuals, with an impact of -€29 million at Groupama Assurances Mutuelles;
- › contributions ceded to Groupama Assurances Mutuelles by the Group's subsidiaries (€496 million), up €6 million compared with 2019 (up +1.3%);
- › the change in the partnership with La Banque Postale, which resulted in the termination of the quota share treaty for Groupama Assurances Mutuelles (only non-proportional protections having been retained for 2020). In 2019, premiums accepted by Groupama Assurances Mutuelles totalled €115 million but fell by -€103 million to 12 million in 2020;
- › as well as premium income from other operations (professional pools, partnerships excluding La Banque Postale, etc.), which increased by €0.4 million from 2019.

Claims expenses (excluding claims management expenses), annuities, and other underwriting reserves totalled -€2,191 million, up -€166 million, under the combined effect of:

- › the deterioration of the current loss (-€33 million), particularly marked by operating losses for administrative closures (-€117 million), whereas conversely, the claims incurred was reduced due to the termination of the quota share treaty with Banque Postale (+€61 million);
- › and the decrease in surpluses on claims of -€108 million (-€91 million compared with +€17 million in 2019) including -€128 million in motor deficits mainly on excess claims (stemming from the low interest rate environment).

The reinsurance and retrocession balance was €12.5 million compared with -€123.8 million in 2019, incorporating a strong recovery of claims due to the excess and weather loss experience for the fiscal year but also the share of reinsurers in the deficits on claims.

After taking into account the commissions paid to ceding entities for €489 million, the net underwriting margin before general expenses was income of €59 million, down €92 million compared with 2019.

At -€288 million, Groupama Assurances Mutuelles's total operating expenses were stable compared with 2019 (-€286 million).

Financial income was positive at +€276 million compared with +€490 million in 2019. The change in this item is mainly related to:

- › a decrease in received dividends of -€340 million (2019 was notably marked by large non-recurring dividends from Groupama Holding Filiales et Participations);
- › an impact of +€107 million from financial provisions. Recall that 2019 was marked by a significant impairment in the accounts of Cofintex 17 (which is the holding company for Groupama's stake in Orange Bank);
- › a decrease of €24 million in the expense of subordinated debts, related to interest savings following the refinancing of the 2019 TSR with the TSR of the same amount maturing in 2029 and benefiting from better financial terms.

Extraordinary income amounted to -€18 million (-€21 million in 2019).

The "tax" line item represents income of €115 million, not including any Group corporate tax expense.

The net income for the fiscal year was therefore €145 million.

6.1.8.2 Balance sheet

The 2020 balance sheet of Groupama Assurances Mutuelles totalled €14,528 million, down by €285 million compared with 2019.

Shareholders' equity represented €3,833 million and consisted of mutual certificates for €3,618 million, retained earnings of €70 million, and the profit for the fiscal year of €145 million.

Subordinated liabilities amounted to €2,732 million (compared with €2,730 million at the end of 2019) with no redemptions or new subscriptions taking place this year.

Reserves for contingent liabilities totalled €92 million, including €49 million in reserves for pensions and commitments.

Gross underwriting reserves increased by €450 million to €6,809 million, related to the excess loss experience for the year and replenishments on claims. They represented 250% of earned contributions (compared with 226% in 2019). Underwriting reserves ceded and retroceded increased by €202 million to €1,354 million.

The largest asset item on the Groupama Assurances Mutuelles balance sheet consists of investments with a net book value of €12,266 million. The unrealised gain on investments was €2,044 million.

6.1.8.3 Data for the past 5 fiscal years

(in euros)

	Fiscal year 2016	Fiscal year 2017	Fiscal year 2018	Fiscal year 2019	Fiscal year 2020
I. Ending financial position					
a) Share capital or initial capital	2,088,305,152	2,088,305,152	3,617,878,996	3,617,878,997	3,617,878,997
b) Share capital: Number of shares	407,474,176	407,474,176	411,824,587	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	2,282,012,505	2,707,975,302	2,743,675,632	2,849,716,609	2,267,029,037
b) Income before tax, amortisation and reserves	-200,306,096	284,751,941	8,109,823	472,376,564	149,914,777
c) Corporate income tax	-126,165,109	-107,341,116	-97,411,229	7,644,771	-115,383,714
d) Employee profit-sharing due for the fiscal year					
e) Income after tax, profit sharing, amortisation and reserves	-358,447,095	518,862,511	165,302,131	325,701,859	144,912,957
f) Distributed income		13,854,122			
III. Personnel					
a) Number of employees	1,257	1,265	1,233	1,277	1,288
b) Amount of payroll costs	96,343,404	104,061,241	102,887,430	111,613,842	110,878,542
c) Amounts paid in employee benefits	51,441,424	54,708,706	56,523,105	58,717,870	65,783,131

6.1.8.4 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 model tables used to present information on payment terms of suppliers and customers mentioned in Article D. 441-6 of the French Commercial Code

Invoices received and issued and unpaid at the end of the fiscal year and in arrears (table provided for in Article D. 441-6 of the French Commercial Code)

	Article D. 441-6 I. - 1° of the French Commercial Code: Invoices received and unpaid as of the end of the fiscal year and in arrears						Article D. 441-6 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 days or more	Total (1 or more days)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 or more days)
(A) Payment arrears range												
Number of invoices concerned	6607						1					
Total amount of invoices concerned (specify excl. or incl. tax)	131,192,654.28 Incl. tax	Incl. tax	Incl. tax	Incl. tax	18,110.40 Incl. tax	18,110.40 Incl. tax						0.00
Percentage of total purchases for the fiscal year (specify excl. or incl. tax)	99.99%	0.00%	0.00%	0.00%	0.01%	0.01%						
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 invoice date Contractual terms: 30 days invoice date						- Contractual terms: (specify) - Legal terms (specify)					

6.1.9 OUTLOOK

In a context that continues to be marked by the Covid-19 health crisis and numerous macroeconomic uncertainties, Groupama is able 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
2019	Not applicable	Not applicable	Not applicable
2018	Not applicable	Not applicable	Not applicable
2017	€14,005,418.41	€3,382.46	€14,002,035.96

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 7 June 2018, 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 compensation for these mutual certificates under certain conditions (see section 6.3 below).

	FY 2019	FY 2018	FY 2017
Overall dividend	Not applicable	Not applicable	€13.9 million
Dividend per share	Not applicable	Not applicable	€0.034
Consolidated net income	€104 million	€319 million	€87 million
Distribution rate	Not applicable	Not applicable	15.9%

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 2020 for fiscal year 2019.

6.4 CASH AND GROUP FINANCING

Cash and cash equivalents totalled €435 million at 31 December 2020, up €42 million compared with 31 December 2019.

The distribution of cash flows for fiscal year 2020 among the various business lines is as follows:

- › operational business cash flows €834 million;
- › investment, financial, and other business cash flows -€792 million;
- › **total: €42 million.**

6.4.1 ISSUER'S FINANCING STRUCTURE

Debt totalled €1.632 billion at year-end 2020 for Groupama Assurances Mutuelles.

Subordinated liabilities at 31 December 2020 totalled €1.632 billion, €0.002 billion higher than at 31 December 2019.

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 26.9% at the end of 2020, compared with 27.2% at 31 December 2019.

(in millions of euros)	31.12.2020				31.12.2019			
	<1 year	1-5 years	>5 years	Total	<1 year	1-5 years	>5 years	Total
Subordinated debt of insurance companies			1,632	1,632			1,630	1,630
Financing debt represented by securities								
Financing debt with banking-sector companies								
TOTAL FINANCING DEBT			1,632	1,632			1,630	1,630

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 2020, this issue was quoted at 125.0% compared with 127.5% at 31 December 2019.

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 2020, this issue was quoted at 112.5% compared with 107.8% at 31 December 2019.

The third bond was 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.

At 31 December 2020, this issue was quoted at 104.2% compared with 98.2% at 31 December 2019.

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 debts. 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 2020, this TSDI was trading at 115.1%, compared with 111.7% on 31 December 2019.

6.4.2 EMPLOYMENT AND CASH

Interest paid on TSR by the Group in 2020 amounted to €69 million (€93 million in 2019).

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.

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Pursuant to Article 19 of Regulation (EU) 2017/1129, the following information has been incorporated into this universal registration document:

- › the consolidated financial statements of Groupama Assurances Mutuelles for the fiscal year ended 31 December 2019 and the corresponding statutory auditors' report appear on pages 138 to 259 and 260 to 263, respectively, of universal registration document number D.20-0370 filed with the AMF on 28 April 2020;
- › 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 universal registration document number D.19-0382 filed with the AMF on 25 April 2019.

7.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

7.1.1 CONSOLIDATED BALANCE SHEET

Assets

(in millions of euros)

		31.12.2020	31.12.2019
Goodwill	Note 2	1,646	1,791
Other intangible assets	Note 3	266	245
Intangible assets		1,912	2,035
Investment property excluding unit-linked items	Note 4	1,091	930
Unit-linked investment property	Note 7	108	105
Operating property	Note 5	624	566
Financial investments excluding unit-linked items	Note 6	71,420	71,612
Unit-linked financial investments	Note 7	11,286	10,392
Derivatives and separate embedded derivatives	Note 8	49	138
Insurance business investments		84,577	83,743
Funds used in banking sector businesses and investments of other business activities	Note 9	134	121
Investments in related companies and joint ventures	Note 10	254	299
Share of outward reinsurers and retrocessionaires in liabilities relating to insurance policies and financial contracts	Note 11	1,791	1,563
Other property, plant, and equipment	Note 12	200	194
Deferred acquisition costs	Note 13	163	165
Deferred profit-sharing assets			
Deferred tax assets	Note 14	32	64
Receivables arising from insurance and inward reinsurance operations	Note 15	2,091	2,150
Receivables from outward reinsurance operations	Note 16	249	182
Current tax receivables and other tax receivables	Note 18	318	239
Other receivables	Note 19	2,817	2,282
Other assets		5,871	5,275
Assets held for sale and discontinued business activities			115
Cash and cash equivalents	Note 20	495	419
TOTAL		95,035	93,571

Liabilities

<i>(in millions of euros)</i>		31.12.2020	31.12.2019
Equity or equivalent funds		3,618	3,618
Revaluation reserves	Note 21	2,122	1,773
Perpetual subordinated debts categorised as Group's equity		1,100	1,100
Other reserves		29	(14)
Currency exchange adjustments		(562)	(505)
Consolidated income		49	104
Group's equity (Group share)		6,356	6,076
Non-controlling interests		63	30
Total Group's equity		6,419	6,106
Reserves for contingencies and charges	Note 22	394	356
Financing liabilities	Note 24	1,632	1,630
Underwriting liabilities relating to insurance policies	Note 25	58,801	58,041
Underwriting liabilities relating to financial contracts	Note 26	11,706	12,227
Deferred profit-sharing liabilities	Note 28	6,002	5,494
Resources from banking sector activities	Note 9	12	14
Deferred tax liabilities	Note 14	538	323
Debts to unit holders of consolidated mutual funds		169	1,174
Operating debts to banking sector companies	Note 20	81	49
Debts arising from insurance or inward reinsurance operations	Note 29	1,094	831
Debts arising from outward reinsurance operations	Note 30	386	352
Current taxes payable and other tax liabilities	Note 31	94	125
Derivative liabilities	Note 8	568	636
IFRS 16 lease liabilities	Note 32	200	211
Other debt	Note 33	6,937	6,001
Other liabilities		10,068	9,703
Liabilities of business activities due to be sold or discontinued			
TOTAL		95,035	93,571

7.1.2 CONSOLIDATED INCOME STATEMENT

<i>(in millions of euros)</i>		31.12.2020	31.12.2019
Written premiums	Note 34	10,436	10,486
Change in unearned premiums		(15)	1
Earned premiums		10,421	10,487
Net banking income, net of cost of risk		162	153
Investment income		1,904	2,064
Investment expenses		(588)	(630)
Capital gains or losses from divestments net of impairment and depreciation write-backs		241	602
Change in fair value of financial instruments recorded at fair value through income		402	1,445
Change in impairment on investments		(49)	(3)
Investment income net of expenses	Note 35	1,910	3,478
Total income from ordinary business activities		12,493	14,117
Insurance policy servicing expenses	Note 36	(9,456)	(10,559)
Income on outward reinsurance	Note 37	632	457
Expenses on outward reinsurance	Note 37	(644)	(608)
Net outward reinsurance income and expenses		(9,469)	(10,710)
Banking operating expenses		(107)	(104)
Policy acquisition costs	Note 39	(1,332)	(1,388)
Administrative costs	Note 40	(580)	(640)
Other current operating income and expenses	Note 41	(609)	(562)
Total other current income and expenses		(12,096)	(13,404)
Current operating income		396	713
Total other non-current operating income and expenses	Note 42	(139)	(271)
Operating income		258	441
Financing expenses	Note 43	(75)	(98)
Share in income of related companies	Note 10	(60)	(64)
Corporate income tax	Note 44	(73)	(171)
Net income from continuing operations		50	108
Net income from activities either discontinued or due to be discontinued			(4)
OVERALL NET INCOME		50	105
Of which, non-controlling interests		1	1
OF WHICH, NET INCOME (GROUP SHARE)		49	104

7.1.3 STATEMENT OF NET INCOME AND GAINS (LOSSES) RECOGNISED DIRECTLY IN GROUP'S EQUITY

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	Group share	Non-controlling interests	Total	Group share	Non-controlling interests	Total
Net income for fiscal year	49	1	50	104	1	105
Gains and losses recognised directly in Group's equity						
Items recyclable to income						
Change in foreign exchange adjustments	(58)		(58)	33		33
Change in gross unrealised capital gains and losses on available-for-sale assets	879	4	883	2,500	7	2,507
Revaluation of hedging derivatives						
Change in shadow accounting	(391)	(5)	(396)	(1,517)	(6)	(1,524)
Change in deferred taxes	(138)	1	(138)	(219)		(219)
Other changes	5		5	(1)		(1)
Items not recyclable to income						
Restatement of net actuarial debt from pension commitments (defined-benefit schemes)	(5)		(5)	4		4
Change in deferred taxes	2		2	(1)		(1)
Other changes						
Total gains (losses) recognised directly in Group's equity	293		293	798	1	798
NET INCOME AND GAINS (LOSSES) RECOGNISED IN GROUP'S EQUITY	342	1	343	902	2	903

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 provision for gross unrealised capital gains (losses) on assets

available-for-sale, minus deferred profit sharing and deferred taxes, the change in the provision for unrealised foreign exchange adjustments, and the actuarial gains (losses) on post-employment benefits.

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7.1.4 CHANGE IN GROUP'S EQUITY

<i>(in millions of euros)</i>	Equity or equivalent funds	Net income	Subordi- nated debts	Consoli- dated reserves	Revaluation reserves	Foreign exchange adjustment	Group's equity – Group share	Non- controlling interests	Total Group's equity
GROUP'S EQUITY AT 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 members		(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 AT 31.12.2019	3,618	104	1,100	(14)	1,773	(505)	6,076	30	6,106
Allocation of 2019 income (loss)		(104)		104					
Dividends ⁽¹⁾				(62)			(62)	(1)	(63)
Change in capital								28	28
Business combinations								5	5
Other									
Impact of transactions with members		(104)		42			(62)	32	(30)
Foreign exchange adjustments						(58)	(58)		(58)
Available-for-sale assets					879		879	4	883
Shadow accounting					(391)		(391)	(5)	(396)
Deferred taxes				2	(138)		(136)	1	(136)
Actuarial gains (losses) of post-employment benefits				(5)			(5)		(5)
Other				5			5		5
Net income for fiscal year		49					49	1	50
Total income (expenses) recognised over the period		49		1	350	(58)	342	1	343
Total changes over the period		(55)		43	350	(58)	280	33	313
GROUP'S EQUITY AT 31.12.2020	3,618	49	1,100	29	2,122	(562)	6,356	63	6,419

(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	419
Receivables on credit institutions from financial business activities	24
Operating debts to banking sector companies	(49)
CASH AND CASH EQUIVALENTS AT 1 JANUARY 2020	393
Cash and cash equivalents	495
Receivables on credit institutions from financial business activities	21
Operating debts to banking sector companies	(81)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2020	435

Receivables on credit institutions from financial business activities are presented in Note 9.

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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)	31.12.2020	31.12.2019
Operating income before taxes	206	441
Gains (losses) on divestments	(237)	(532)
Net allocations to amortisation and depreciation	164	164
Change in deferred acquisition costs	(2)	(2)
Change in impairment	175	21
Net allocations to underwriting liabilities relating to insurance policies and financial contracts	298	1,590
Net allocations to other reserves	27	(25)
Change in fair value of financial instruments and investments recognised at fair value through income (excluding cash and cash equivalents)	(402)	(1,445)
Other non-cash items included in operating income	10	108
Correction of elements included in the operating income other than cash flows and reclassification of investment and financing flows	34	(121)
Change in operating receivables and payables	369	(245)
Change in banking operating receivables and payables	(17)	(3)
Change in repo and reverse-repo securities	532	(376)
Cash flows from other assets and liabilities	(250)	(74)
Net tax paid	(39)	(77)
NET CASH FLOWS FROM OPERATING ACTIVITIES	834	(453)
Acquisitions/divestments of subsidiaries and joint ventures, net of cash acquired/disposed	161	0
Stakes in related companies acquired/divested	(15)	(66)
Cash flows from changes in scope	146	(66)
Net acquisitions of financial investments (including unit-linked investments) and derivatives	(537)	(36)
Net acquisitions of investment property	(16)	611
Net acquisitions and/or issues of investments and derivatives relating to other activities		
Other non-cash items	3	203
Cash flows from acquisitions and issues of investments	(550)	777
Net acquisitions of property, plant, and equipment, intangible fixed assets, and operating property	(262)	(444)
Cash flows from acquisitions and disposals of property, plant, and equipment and intangible fixed assets	(262)	(444)
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	(666)	268
Membership fees		
Issue of capital instruments	28	
Redemption of equity instruments ⁽²⁾		(23)
Transactions involving own shares		
Dividends paid ⁽¹⁾	(63)	(100)
Cash flows from transactions with shareholders and members	(35)	(123)
Cash allocated to financing liabilities ⁽²⁾		(5)
Interest paid on financial debt and lease liabilities	(75)	(98)
Cash generated by IFRS 16 lease liabilities	(9)	212
Cash flows from Group financing	(84)	108
NET CASH FLOWS FROM FINANCING ACTIVITIES	(119)	(15)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	393	599
Net cash flows from operating activities	834	(453)
Net cash flows from investment activities	(666)	268
Net cash flows from financing activities	(119)	(15)
Cash flows from sold or discontinued assets and liabilities		(4)
Effect of foreign exchange changes on cash	(7)	(2)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	435	393

(1) They correspond in particular to payment for subordinated instruments classified in Group's equity under IFRS.

(2) Movements relating to financing businesses are detailed in Notes 21.2 and 24.1.

7.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1 Significant events and post-balance sheet events

1.1 Significant events of fiscal year 2020

1.1.1 Covid

The Covid pandemic began to wreak havoc on 2020 in March with major impacts on the economy, individuals and entities, and markets. For the insurance sector, the consequences of this crisis were also significant, increasing the level of judgement required to assess certain balance sheet items.

The Group-level impact of Covid has not been exactly the same in France (where the portfolio is highly diversified) as internationally, where business (mainly non-life) in most countries is relatively focused on motor insurance. In addition, the situation internationally is not comparable between some countries heavily affected by the pandemic, such as Italy, or other less-affected countries (Eastern European countries, Turkey, and China).

In France, in reaction to the economic effects of this pandemic, the Group supported its customers and members through several actions:

- › premium-reduction measures, in particular for agricultural professions (two-month premium reduction on tractors), craftsmen, retailers, and service professionals (ACPS), and health professionals for €66 million overall;
- › reduction of Group insurance premiums relating to partial unemployment measures for €12 million;
- › contribution to government expenditure related to the management of the Covid pandemic for €43 million. This contribution corresponding to 2.6% of the health premiums for 2020 and 1.3% of the estimated health premiums for 2021 is requested from supplemental health organisations in return for the lower expenditure on the health segment that these organisations observed during the health crisis. It is booked in the outstanding claims reserve in accordance with the AMF accounting standards regulation of 22 December 2020;
- › €15 million contribution to the solidarity fund set up by the central government to support VSE/SMEs (booked in non-current expenses in accordance with the ANC recommendation);
- › civic measures for €0.2 million (grants to associations, medical institutions, etc.).

The particular context also led the Group to strengthen the judgement elements for the assessment of a number of commitments:

- › regarding the valuation of technical reserves, the Covid health crisis and the lockdown period changed the occurrence and the usual development rate of claims, making the estimation of technical reserves more difficult this year. In addition to the effects on the current claim ratio (reduced frequency in some segments such as motor or health during the lockdown period or cumulative loss experience on others), there are operational

effects related to the lockdowns that disrupted the day-to-day management of claims. Methods based on the analysis of past rates may lead to an underestimation or overestimation of technical reserves. The parameters of the models were thus adapted, and alternative methods that are less sensitive to the paces of occurrence or settlement of claims were used in addition in order to value the claims reserves.

- › in terms of unpaid premiums, the health crisis led to particular vigilance on unpaid premiums (especially in Group insurance). These unpaid premiums were recognised as a decrease in earned premiums not written and totalled €39 million. In order to anticipate possible premium collection problems in the coming months, possibly leading to losses in the longer term if receivables cannot be collected, the parameters used to establish bad debt reserves were assessed on the basis of the collection observations during 2019 and adjusted by an estimate of the default deviations expected in the context of the crisis, with a more specific analysis for key accounts. This work led to the discovery of a slightly greater amount of unpaid payments than observed in previous years but without any significant deviation at this stage.
- › on certain risks highly exposed to Covid (insurance for operating losses, event cancellation), the Group-level impact amounts to €38 million (net of reinsurance). In general, and more specifically on these risks, the Group also conducted a very careful review of its contractual clauses and implemented a policy of scrupulous compliance with its commitments.

It should also be noted that financial investments were not significantly affected by the crisis and that the methods for establishing reserves for these assets remained unchanged.

In summary, it is worth pointing out that the Group's fundamentals are very resilient under these adverse health circumstances. This is reflected in particular in the Group's solvency level, which continues to be good. The going-concern assumption underlying the preparation of its financial statements therefore remains perfectly relevant.

1.1.2 Financial strength

(a) Financial rating

On 19 March 2020, Fitch Ratings revised Groupama's rating outlook to "Stable" and maintained its "A" rating, to take into account both the significant uncertainty created by the global coronavirus pandemic, which led to high levels of volatility in financial markets, and "Negative" on the French life insurance sector.

On 19 May 2020, then on 29 September 2020, the agency confirmed Groupama's "A" rating and "Stable" outlook. The Fitch rating reflects Groupama's ability to maintain strong capitalisation and leverage as well as its highly robust business profile in the French insurance sector.

1.1.3 Business Activities

(a) Partnerships

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. On 7 April 2020, the sale was finalised for €211 million. The proceeds from the sale were recorded in non-current operating income in the Group's financial statements in 2020.

(b) Acquisition

On 18 December 2020, the Groupama group announced the signing of an agreement concerning the acquisition by its Hungarian subsidiary Groupama Biztosito of the Croatian insurance company OTP Osiguranje, owned by OTP Banka d.d.

(c) Property

On 11 June 2020, Groupama announced the launch with Vinci of the construction of The Link, Total's future headquarters in Paris La Défense. The planning and work are expected to take five years. At the end of this period, Total will take delivery of the property and will be a tenant of The Link for a renewable term of 12 years.

(d) Socially responsible investment strategy

At the end of June 2020, the Group published its ESG/Climate report entitled "Responsible investing: key to risk management and confidence." The management of both insurance or financial risks currently requires incorporating unpredictable environmental and societal impacts. The management of Groupama's property and financial assets increasingly focuses on measuring and optimising

environmental, social, and corporate governance risks and opportunities of organisations and their impact on the Group's assets.

On 9 December 2020, the Groupama group committed to a definitive phase-out of thermal coal in its investment portfolios by 2030 at the latest for corporate issuers in European Union and OECD countries and by 2040 for the rest of the world.

On 15 December 2020, by partnering with the AlphaOmega Foundation, the Groupama group made its first social-impact investment through the philanthropy venture.

(e) Inclement weather

The year 2020 was marked by a substantial weather loss experience. Significant droughts took place in the summer, and some usually spared areas were affected, particularly in northern and northeastern France.

In October, Storm Alex, which struck Brittany before causing deadly floods in Alpes-Maritimes, left significant material damage across the territory, with around a hundred houses damaged or even completely destroyed and bridges and roads washed away, particularly in the Vésudie, Tinée, and Roya valleys.

1.2 Post-balance sheet events

On 8 January 2021, the Groupama group concluded the acquisition of the legaltech company Juritravail from MyBestPro. With this acquisition, this Group is expanding its offering of legal services for individuals, professionals, and businesses.

2 Consolidation principles, methods and scope

2.1 Explanatory note

Groupama Assurances Mutuelles is a nationwide agricultural mutual reinsurance company, a special form of mutual insurance company, wholly owned by the Caisses Régionales d'Assurances et de Réassurances Mutuelles Agricoles and the Caisses Spécialisées ("regional mutuals") forming Groupama's Mutual Insurance Division. Groupama Assurances Mutuelles is domiciled in France. Its headquarters are located at 8-10, rue d'Astorg, 75008, Paris, France.

The primary functions of Groupama Assurances Mutuelles, the central unit of the Groupama network, the regional mutuals' sole reinsurer, and ultimate parent company 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 subsidiaries' business activities.

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

The Company's businesses are governed by the provisions of the French Commercial Code and the French Insurance Code and are subject to the supervision of the French Prudential Control Authority (ACPR).

The various entities of the Group are connected:

- › within the Groupama Assurances Mutuelles division, by capital ties. The subsidiaries included in this division are consolidated in the financial statements. Moreover, in exchange for a certain operational autonomy, each of the subsidiaries is subject to the requirements and obligations defined by the Groupama Assurances Mutuelles environment, particularly in terms of control;
- › in the Mutual Insurance Division:
 - by an Internal Reinsurance treaty that binds the regional mutuals to Groupama Assurances Mutuelles,
 - by a security and solidarity plan between all the regional mutuals and Groupama Assurances Mutuelles.

2.2 General presentation of the consolidated financial statements

The consolidated financial statements as at 31 December 2020 were approved by the Board of Directors, which met on 11 March 2021.

For the purposes of preparing the consolidated accounts, the financial statements of each consolidated entity are prepared consistently and in accordance with the International Financial reporting Standards and the interpretations applicable at 31 December 2020 as adopted by the European Union, the principal terms of which are applied by Groupama Assurances Mutuelles as described below.

All standards and interpretations that are mandatory for fiscal years starting on or after 1 January 2020 were applied during the production of the Group's financial statements at 31 December 2020. They have had no significant effect on the Group's financial statements as at 31 December 2020. The standards in question are the following:

- › amendments to IAS 1 and IAS 8: Clarification of the definition of "material";
- › amendments to IFRS 9, IAS 39, and IFRS 7: Interest rate benchmark reform;
- › amendments to IFRS 3: Definition of a business;
- › amendment to IFRS 16: Covid-19-Related Rent Concessions.

The Group also took into account the clarifications provided by the IFRS Interpretation Committee (IFRIC-IC) in its November 2019 decision when determining the duration of leases subject to tacit renewal. This application had no material impact on the Group's financial statements at 31 December 2020.

The Group has opted to defer the application of IFRS 9 "Financial Instruments" and its amendment "Prepayment Features with Negative Compensation" in accordance with the amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" and "Extension of the temporary exemption from applying IFRS 9", which allows groups whose main business is insurance to postpone the application of IFRS 9 at the latest until the annual periods beginning on or after 1 January 2023. 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 opted for temporary exemption from the rule on consistency of accounting policies ordinarily required by the IAS 28 standard, and as stipulated under paragraph 20 O (b) of the amendments to IFRS 4 "Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts" and "Extension of the Temporary Exemption from Applying IFRS 9". These amendments allow 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 policies, published by the IASB in May 2017 and intended to replace the current IFRS 4, and its amendment published in June 2020 have 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 takes into account the postponement of the effective date of IFRS 17 and IFRS 9 to 1 January 2023.

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 when preparing 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 figures are rounded. This might generate rounding differences.

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 notes to the accounts.

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 in assets of profit sharing (paragraphs 3.12.2.b) and deferred taxes (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 measured at fair value and disclosed separately as a special liability item in the balance sheet. Underlying financial assets appear in the Group's insurance activity investments. Equity-consolidated mutual funds are recognised at fair value and included in "Financial investments excluding unit-linked items" in the balance sheet.

(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, with the share of Group's 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 50 to the financial statements.

2.3.3 Uniformity of accounting principles

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

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

2.3.4 Conversion of financial statements of foreign companies

Balance sheet items are translated into 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 capital and reserves, excluding income, which are translated at historic rates. The Group share of the resulting unrealised foreign exchange adjustment is recorded under "Unrealised foreign exchange adjustments", and the remaining balance is included in "Non-controlling interests".

Transactions 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 permanently changed. 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).

Consequently, 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 cost, and in income for combinations made starting from 1 January 2010.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

When taking over an entity, a sale option may be granted to holders of non-controlling equity stakes. The option to sell means the Group is obliged to buy securities held by the minority shareholders at a specified strike price on a future date (or period of time) if the holder exercises that right. This obligation is reflected in the financial statements as a liability valued at the strike price of this discounted right.

The counterpart of this liability, equal to the price of the option (value of the share), is recognised in goodwill for options granted before 1 January 2010 or as a reduction of non-controlling interests and/or shareholders' equity for 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 the values of insurance and investment contract portfolios, customer relationships and network values and brands, determined during business combinations, as well as software acquired and developed.

Amortisable intangible insurance assets (specifically including values of insurance and investment contract portfolios, the value of customer relations and the value of 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 profit or loss:
 - 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,

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- financial assets designated as optional (held-for-trading or even fair value option), provided they comply with the following criteria:
 - asset/liability matching to avoid any accounting mismatch,
 - hybrid instruments including one or more embedded derivatives,
 - group of financial assets and/or liabilities that are managed and the income of which is valued at fair value;
- › assets held to maturity include fixed-term investments that the Company expressly intends, and is able, to hold until maturity. The Group does not use this category, with the exception of certain perfectly backed portfolios that meet the criteria defined above;
- › the loans and receivables category 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* Group's 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 equates 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 relying on assumptions that imply a certain level of 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 classifying the financial instrument into 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 (a premium) or as income (a 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.

Assets available-for-sale are valued at their fair value, and unrealised capital gains or losses are recorded in a separate item 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, an impairment loss is recognised through income in the event of a proven counterparty risk.

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

EQUITY INSTRUMENTS CLASSIFIED AS AVAILABLE-FOR-SALE ASSETS

For equity instruments classified as available-for-sale assets, the Group has taken into account the clarifications made by the IFRS Interpretations Committee (IFRIC) in its July 2009 update on the notion of significant or prolonged decrease in paragraph 61 of IAS 39.

At 31 December 2020, there is objective evidence of impairment in the following cases:

- › a financial investment already covered by a reserve at the previous published period end; or
- › a 50% haircut is observed as of the period end 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, as shown by Group representation in 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 recognised in the income statement.

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 abnormal circumstances to be dealt with (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 haircut between 20% and 40% over the last six months based on the level of volatility of the financial markets. For the thus separated securities the Group then carries out a review, based on its judgement, security by security, and decides whether to post an impairment through income or not.

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

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

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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. 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 contractual risks expire or the Group transfers the financial asset.

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

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

3.2.2 Investment property

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

(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 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 was 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.

Rent income is recorded using the straight-line method over the term of the lease agreement.

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

(c) Subsequent expenditure

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

- › if it is probable that these expenses will allow the asset to generate economic benefits;
- › during each five-year period, the real estate is subject to an annual appraisal certified by the expert.

(d) Reserves for impairment

On each period end date of its financial statements, the Group determines whether there is evidence of potential loss of value on property recorded at depreciated 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 the income statement 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 recorded 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, changes in fair value of the hedged item are recognised in income or loss so that they exactly offset the changes in the hedging derivative.

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

3.3.3 Embedded derivatives

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

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

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

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

3.4 Investments in related companies and joint ventures

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

3.5 Non-current 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. Where there is an unrealised capital loss, impairment is recognised in the income statement. 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 major, separate line of business or 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 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 related to the right to use leased operating property are initially recognised at cost, comprising the initial amount of the lease liability, any prepayments made to the lessor net of any benefits received from the lessor, the initial direct costs incurred by the lessee in contracting the lease agreement and the estimated costs of dismantling or restoring the leased property.

User rights are amortised using the straight-line method over the term of the lease agreement.

The lease term equates to the non-cancellable period of each lease plus the periods covered by renewal options where it is reasonably certain these will be exercised, and termination options that the lessee is reasonably certain not to exercise. The estimation of this lease term takes into account the useful life of the significant improvements made and inseparable from the leased property.

The Group has chosen to apply the optional treatment stipulated in IFRS 16 for rental agreements of less than 12 months' duration and contracts involving low-value assets, recognising the rent for these under 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 recorded at acquisition cost, which consists of the purchase price, customs duties, discounts and rebates, direct costs necessary for installation and payment discounts.

The depreciation methods reflect the method of economic consumption.

An impairment test is conducted once there is an indication of a loss of value. The impairment loss 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 recognition and valuation method for user rights on other property, plant and equipment owned by the lessee under a lease is identical to the method described for user rights on investment 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 contingencies and charges

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

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

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

3.10.1 Personnel benefits

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 liabilities

Financing debts include subordinated liabilities, financing debts represented by securities, and financing debts owed 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 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 liabilities are subsequently valued at amortised cost using the effective interest rate method.

3.11.3 Derecognition

Financing liabilities are 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 (or contract) 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.

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

INSURANCE POLICY SERVICING EXPENSES

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

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

TECHNICAL LIABILITIES RELATING TO NON-LIFE INSURANCE POLICIES

Underwriting liabilities relating to non-life insurance policies are generally not discounted with the exception of liabilities relating to long-term care risk as well as those relating to current annuities or annuities in the course of establishing incapacity and disability risks.

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.

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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 technical reserves

Actuarial reserves for annuities

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

Reserve for increasing risks

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

DEFERRED ACQUISITION COSTS

In non-life insurance, acquisition costs related to unearned premiums are deferred and recorded in assets 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 RELATING 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 ensure the value of insurance liabilities, deferred acquisition costs and the intangible assets related to insurance policies, reflect the effects of including unrealised capital 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 capital gains and losses. This rate is obtained by applying the regulatory and contractual conditions for calculating profit sharing and is determined either using the actual profit-sharing rates observed over the last three years or using a prospective sharing rate based on three-year business plans in the event of significant expected changes.

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 realisable. A recoverability test based on the projected future performance of insurance portfolios is carried out. This test specifically includes unrealised capital gains on assets posted at amortised cost.

Other technical reserves

Overall management expenses reserve

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

Deferred acquisition costs

Variable costs directly attributable to the acquisition of life insurance policies are recorded as 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. Thus the premiums collected and the benefits are booked on the balance sheet. Management charges and expenses for the contracts are recorded in income. Unearned income is deferred over the estimated life of the contract.

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

The additional costs directly related to management of the investments of a contract are booked as assets if they can be identified separately and reliably valued, and if it is probable that they will be recovered. This asset, equating to the contractual right acquired by the Group over income resulting from management of investments, is depreciated 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 lease liabilities

On the contract's effective date, the debt representing the obligation to pay rent is recognised at an amount equal to the discounted value of the rent over the term of the lease contract.

The amounts included in respect of rents in evaluating this initial liability are:

- › fixed rent;
- › variable rent, if based on a rate or index, using the rate or index value on the contract's effective date;
- › payments to be made by the lessee under a residual value guarantee;
- › termination or non-renewal penalties; and
- › the cost of exercising a purchase option if it is reasonably certain to be exercised.

Rents are discounted at the interest rate implicit in the lease if such is easily determined, otherwise at the lessee's marginal borrowing rate.

Rental debts are subsequently valued at amortised cost using the effective interest rate method. They are re-assessed in the following situations:

- › change to the lease term;
- › change to the view that the exercising of a purchase option is, or is not, reasonably certain;
- › fresh estimation of residual value guarantees;
- › revision to rates or indices on which rents are based when a 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 posted in either the individual company statements or only in the consolidated financial statements as restatements and eliminations of inter-company income or losses, differences will appear in future between the tax income and the accounting income of the Company, or between the tax value and the book value of an asset or liability, for example when transactions performed during a fiscal year are taxable only in the following fiscal year. These differences are classified as timing differences.

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

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

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

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

3.15 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 9.1, 9.2, and 34.2), 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 business: 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

(in millions of euros)	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Intangible assets	895	1,017	1,912	862	1,174	2,035
Insurance business investments	77,081	7,496	84,577	76,356	7,387	83,743
Funds used in banking sector businesses and investments of other business activities	134		134	121		121
Investments in related companies and joint ventures	110	144	254	155	144	299
Share of outward reinsurers and retrocessionaires in liabilities relating to insurance policies and financial contracts	1,700	91	1,791	1,452	111	1,563
Other assets	5,285	586	5,871	4,536	739	5,275
Assets held for sale and discontinued business activities				115		115
Cash and cash equivalents	401	94	495	290	129	419
CONSOLIDATED TOTAL ASSETS	85,605	9,429	95,035	83,887	9,684	93,571
Reserves for contingencies and charges	311	83	394	275	81	356
Financing liabilities	1,632		1,632	1,630		1,630
Underwriting liabilities relating to insurance policies	54,238	4,563	58,801	53,278	4,763	58,041
Underwriting liabilities relating to financial contracts	9,695	2,011	11,706	10,274	1,953	12,227
Deferred profit-sharing liabilities	5,856	145	6,002	5,369	126	5,494
Resources from banking sector activities	12		12	14		14
Other liabilities	9,790	279	10,068	9,432	271	9,703
Liabilities of business activities due to be sold or discontinued						
TOTAL CONSOLIDATED LIABILITIES EXCLUDING GROUP'S EQUITY	81,535	7,081	88,616	80,271	7,193	87,465

1.2 Segment reporting by business

31.12.2020

	France				International				Total	Total
	Property and casualty insurance	Life and health insurance	Banking and finance business	Holding company business	Property and casualty insurance	Life and health insurance	Holding company business	Total		
<i>(in millions of euros)</i>										
Earned premiums	3,392	4,876			8,268	1,457	696		2,153	10,421
Net banking income, net of cost of risk			162		162					162
Investment income	118	1,579		(16)	1,681	105	115	3	223	1,904
Investment expenses	(57)	(493)		27	(523)	(44)	(20)		(64)	(588)
Capital gains or losses from divestments net of impairment and depreciation write-backs	2	251		(19)	234	(1)	7		7	241
Change in fair value of financial instruments recorded at fair value through income	(2)	381		23	402	(1)	2		1	402
Change in impairment on investments		(29)		(11)	(40)	(8)	(1)		(9)	(49)
Total income from ordinary business activities	3,453	6,565	162	4	10,183	1,509	798	3	2,309	12,493
Insurance policy servicing expenses	(2,391)	(5,451)			(7,843)	(984)	(629)		(1,614)	(9,456)
Income on outward reinsurance	507	91			598	32	2		34	632
Expenses on outward reinsurance	(470)	(118)			(589)	(52)	(3)		(56)	(644)
Banking operating expenses			(107)		(107)					(107)
Policy acquisition costs	(494)	(423)			(916)	(320)	(95)		(416)	(1,332)
Administrative costs	(266)	(190)			(457)	(86)	(37)		(123)	(580)
Other current operating income and expenses	(140)	(203)	4	(148)	(487)	(102)	(19)	(1)	(122)	(609)
CURRENT OPERATING INCOME	198	270	59	(144)	383	(4)	16	1	13	396
Other operating income and expenses	(60)	(27)		71	(15)	(102)	(21)		(123)	(139)
OPERATING INCOME	138	243	60	(73)	368	(106)	(5)	1	(110)	258
Financing expenses	(4)			(69)	(74)	(1)			(2)	(75)
Share in income of related companies			(50)		(50)	(10)			(10)	(60)
Corporate income tax	(58)	(96)	(17)	98	(73)	1			1	(73)
NET INCOME FROM CONTINUING OPERATIONS	76	146	(8)	(44)	171	(116)	(6)	1	(121)	50
Net income from activities either discontinued or due to be discontinued										
TOTAL NET INCOME	76	146	(8)	(44)	171	(116)	(6)	1	(121)	50
of which, non-controlling interests		1			1					1
OF WHICH, NET INCOME (GROUP SHARE)	76	145	(8)	(44)	170	(116)	(6)	1	(121)	49

31.12.2019

	France				International				Total	Total
	Property and casualty insurance	Life and health insurance	Banking and finance business	Holding company business	Property and casualty insurance	Life and health insurance	Holding company business	Total		
<i>(in millions of euros)</i>										
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 business activities	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 OPERATIONS	161	360	(106)	(99)	316	(209)	(1)	2	(208)	108
Net income from activities either discontinued or due to be discontinued	(3)				(4)					(4)
OVERALL 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

Note 2 Goodwill

2.1 Goodwill

(in millions of euros)	31.12.2020			31.12.2019	
	Gross value	Impairment	Foreign exchange adjustments	Net value	Net value
OPENING VALUE	2,901	(799)	(312)	1,791	1,900
Additions to the scope					
Removals from the scope					
France					
Central and Eastern European countries			(18)	(18)	(8)
Italy		(126)		(126)	(102)
Other changes during the fiscal year		(126)	(18)	(144)	(110)
CLOSING VALUE	2,901	(925)	(330)	1,646	1,791

The grouping within a single cash-generating unit for all countries of Central and Eastern Europe is explained in particular by centralised management bancassurance agreements.

Changes during the fiscal year

The only changes that affected goodwill in the balance sheet were the impairment loss on the cash-generating unit (CGU) in Italy and exchange rate differences.

IMPAIRMENT ON THE CASH-GENERATING UNIT (CGU) IN ITALY

The Group applied an impairment of €126 million on the goodwill of the cash-generating unit relating to the Italian subsidiary. This impairment loss is part of a prudential approach to the country's economic environment, which leads to anticipation of a deterioration of the motor insurance market. Against the backdrop of the Covid-19 health crisis, this already highly competitive market is experiencing strong tensions on the level of premiums that could weigh on the technical profitability of the sector. Since the 2019 fiscal year, the Italian subsidiary has undergone profound restructuring (portfolio monitoring, risk selection, restructuring of claims management, etc.), which must maintain its 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 to the purchase price.

Each cash-generating unit provides its forecasts of underwriting and financial income (rate of return). Technical assumptions are determined based on estimated growth in premium income and a combined ratio target 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.). The financial assumptions relating to discount rates are set by the Group and are used to determine 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 2 Directive for subsidiaries in a country subject to this regulation.

In mature countries, the explicit life insurance period is generally 10 years, and 6 years for non-life insurance. It can be extended for longer (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 European Union countries that are assumed to have a strong possibility of joining the eurozone.

Discount rates have overall been held at their levels for the previous fiscal year, with identical target rates (8% for the Greek and Bulgarian subsidiaries, 10% for the Romanian subsidiary, and 9% for the Hungarian subsidiary).

The growth rate used 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 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 had no 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 CGU goodwill in Central and Eastern European countries, a combined increase of 100 basis points in the discount rate and yield rate would lead to a hedging surplus of €57 million (whereas a drop of 100 basis points would result in a hedging surplus of

€162 million). On this same CGU, the sensitivity test on the long-term growth rate would result in a hedging surplus of €80 million if it fell by 50 basis points (the surplus would be €123 million with an increase of 50 basis points).

For the goodwill of the CGU of the Greek subsidiary, Groupama Phoenix, an increase of 100 basis points in the discount rate would lead to an insufficiency of €5 million (while a lowering of the discount rate by 100 basis points would result in a surplus of €46 million). The sensitivity test on a drop in the long-term growth rate of 50 basis points would result in a hedging surplus of €11 million (the surplus would be €21 million with an increase of 50 basis points).

For the CGU of the French subsidiary, Gan Assurances, the sensitivity test on an increase of 100 basis points in the discount rate would lead to a surplus of €51 million, while a decrease of 100 basis points would result in a surplus of €374 million. The test on a decrease in the long-term growth rate of 50 basis points would result in a surplus of €142 million whereas an increase of 50 basis points would give a surplus of €239 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 – Broken down by cash-generating unit

31.12.2020				
<i>(in millions of euros)</i>	Gross value	Impairment	Foreign exchange adjustments	Net value
Central and Eastern European countries	1,031	(502)	(215)	314
Italy	781	(228)		553
Turkey	262	(147)	(116)	
Greece	131	(48)		83
Total International	2,206	(925)	(330)	950
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	(925)	(330)	1,646

31.12.2019				
<i>(in millions of euros)</i>	Gross value	Impairment	Foreign exchange adjustments	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

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Recall that in fiscal years 2009 to 2019, the Group devalued goodwill by €799 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;
- › Italy: €102 million in 2019.

During the 2020 fiscal year, Groupama impaired all of the residual goodwill of the Italy CGU for €126 million.

Note 3 Other intangible assets

(in millions of euros)	31.12.2020			31.12.2019		
	Intangible assets related to insurance business	Other intangible assets	Total	Intangible assets related to insurance business	Other intangible assets	Total
Opening gross value	430	1,335	1,764	435	1,280	1,715
Increase		106	106		135	135
Decrease		(6)	(6)		(79)	(79)
Currency exchange adjustments	(15)	(9)	(24)	(6)	(3)	(8)
Change in scope of consolidation					1	1
Closing gross value	415	1,425	1,840	430	1,335	1,764
Opening cumulative amortisation	(264)	(1,137)	(1,401)	(253)	(1,107)	(1,359)
Increase	(16)	(62)	(77)	(16)	(63)	(78)
Decrease		1	1		31	31
Currency exchange adjustments	13	6	19	5	2	7
Change in scope of consolidation						
Closing cumulative amortisation	(266)	(1,191)	(1,458)	(264)	(1,137)	(1,401)
Opening cumulative long-term impairment	(119)		(119)	(119)	(1)	(121)
Long-term impairment recognised						
Long-term impairment write-backs					1	1
Currency exchange adjustments	2		2	1		1
Change in scope of consolidation						
Closing cumulative long-term impairment	(117)		(117)	(119)	0	(119)
OPENING NET VALUE	47	198	245	63	172	235
CLOSING NET VALUE	31	234	266	47	198	245

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 equate 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.

3.1 Other intangible assets – By operating segment

	31.12.2020						31.12.2019	
	Intangible assets related to insurance business		Other intangible assets		Total		Total	
	France	International	France	International	France	International	France	International
<i>(in millions of euros)</i>								
Closing gross value		414	1,218	207	1,218	622	1,143	621
Closing cumulative amortisation		(266)	(1,019)	(172)	(1,019)	(439)	(977)	(424)
Closing cumulative long-term impairment		(117)				(117)		(119)
Amortisation and reserves		(383)	(1,019)	(172)	(1,019)	(555)	(977)	(543)
NET BOOK VALUE		31	199	35	199	66	166	79

Note 4 Investment property excluding unit-linked investments

(in millions of euros)	31.12.2020			31.12.2019		
	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	1,063	52	1,115	1,009	51	1,060
Acquisitions	236	1	236	46	2	48
Change in scope of consolidation						
Subsequent expenditure						
Assets capitalised in the year	30		30	64		64
Transfer from/to unit-linked property						
Transfer from/to operating property				1		1
Currency exchange adjustments						
Asset sales	(101)		(101)	(57)	(1)	(58)
Other						
Closing gross value	1,227	52	1,279	1,063	52	1,115
Opening cumulative amortisation	(175)		(175)	(169)		(169)
Increase	(19)		(19)	(23)		(23)
Change in scope of consolidation						
Transfer from/to unit-linked property						
Transfer from/to operating property						
Decrease	14		14	17		17
Other						
Closing cumulative amortisation	(180)		(180)	(175)		(175)
Opening cumulative long-term impairment	(9)		(9)	(9)		(10)
Long-term impairment recognised						
Change in scope of consolidation						
Transfer from/to operating property						
Long-term impairment write-backs						
Closing cumulative long-term impairment	(9)		(9)	(9)		(9)
Opening net value	878	52	930	831	51	882
Closing net value	1,038	52	1,091	878	52	930
Closing fair value of investment property	2,538	155	2,692	2,440	149	2,589
UNREALISED CAPITAL GAINS (LOSSES)	1,500	102	1,602	1,562	97	1,659

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 capital gains accruing to the Group, including property operating activities (see Note 5), amounted to €619 million as at 31 December 2020 (net of profit sharing and tax), compared with €563 million at 31 December 2019.

The main acquisitions during the fiscal year took place in Paris (mainly shops) but also elsewhere in France (logistics centres and office buildings).

Sales of property during the fiscal year mainly include the sale of a property in Paris and sales by vacant lots of the Group's residential assets.

The fair value of investment property cannot generally be determined by reference to quotes in an active market. As a result, investment property cannot be classified as level 1 according to the fair value hierarchy established in IFRS 13. Nevertheless, most profit assets undergo an annual appraisal by an independent property appraiser. Appraisals by independent property appraisers mainly on

the basis of observable data are classified in level 2. The fair value of investment property classified as level 2 is €2,624 million compared with €68 million in level 3. The level 2 investment property comprises mainly property located in Paris or the Greater Paris region.

4.1 Investment property – by operating segment

<i>(in millions of euros)</i>	31.12.2020						31.12.2019					
	Property			SCI units			Property			SCI units		
	France	Interna- tional	Total	France	Interna- tional	Total	France	Interna- tional	Total	France	Interna- tional	Total
Gross value	1,213	14	1,227	52		52	1,049	14	1,063	52		52
Cumulative amortisation & impairment	(176)	(3)	(180)				(172)	(3)	(175)			
Long-term impairment	(7)	(2)	(9)				(8)	(2)	(9)			
Closing net value	1,030	9	1,038	52		52	870	9	878	52		52
Closing fair value of investment property	2,519	19	2,538	155		155	2,417	23	2,440	149		149
UNREALISED CAPITAL GAINS (LOSSES)	1,489	10	1,500	102		102	1,548	14	1,562	97		97

Note 5 Operating property

(in millions of euros)	31.12.2020				31.12.2019			
	Property	Right of use	SCI units	Total	Property	Right of use	SCI units	Total
Opening gross value	514	235	10	759	566		10	576
Acquisitions	13	18		31	1	236		236
Change in scope of consolidation								
Assets capitalised in the year	83			83	19			19
Transfer from/to investment property					(1)			(1)
Currency exchange adjustments	(1)	(2)		(3)	(1)			(1)
Asset sales					(71)			(71)
Other	(1)			(1)				
Closing gross value	607	251	10	868	514	235	10	759
Opening cumulative amortisation	(93)	(27)		(120)	(109)			(109)
Increase	(6)	(30)		(36)	(6)	(27)		(33)
Change in scope of consolidation								
Transfer from/to investment property								
Decrease					22			22
Other				1				
Closing cumulative amortisation	(98)	(57)		(155)	(93)	(27)		(120)
Opening cumulative long-term impairment	(73)			(73)	(99)			(99)
Long-term impairment recognised	(16)			(16)				
Change in scope of consolidation								
Transfer from/to investment property								
Long-term impairment write-backs					26			26
Closing cumulative long-term impairment	(88)			(88)	(73)			(73)
Opening net value	348	208	10	566	358		10	368
Closing net value	420	194	10	624	348	208	10	566
Closing fair value of operating property	643	194	14	851	574	208	15	796
UNREALISED CAPITAL GAINS (LOSSES)	222	0	4	226	226	0	5	231

A property in Paris owned by Groupama Gan Vie and the headquarters of the Italian subsidiary was subject to impairment during the fiscal year.

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.

5.1 Operating property – by operating segment

<i>(in millions of euros)</i>	31.12.2020								
	Property			Right of use			SCI units		
	France	International	Total	France	International	Total	France	International	Total
Gross value	502	105	607	219	31	251	10		10
Cumulative amortisation & impairment	(80)	(18)	(98)	(48)	(9)	(57)			
Long-term impairment	(77)	(11)	(88)						
Closing net value	344	76	420	171	23	194	10		10
Closing fair value of operating property	561	82	643	171	23	194	14		14
UNREALISED CAPITAL GAINS (LOSSES)	216	6	222	0	0	0	4		4

<i>(in millions of euros)</i>	31.12.2019								
	Property			Right of use			SCI units		
	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

Note 6 Financial investments (excluding unit-linked items)

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
	Net value	Net value
Assets valued at fair value	70,380	70,286
Assets valued at amortised cost	1,040	1,326
TOTAL FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS	71,420	71,612

Bond repurchase agreements generated €4,500 million versus €4,152 million at 31 December 2019. The cash from these repurchase agreements is invested in specific funds held directly.

6.1 Investments valued at fair value by operating segment

<i>(in millions of euros)</i>	31.12.2020								
	Net amortised cost			Fair value ⁽¹⁾			Gross unrealised capital gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Available-for-sale assets									
Equities and other variable-income investments	2,134	268	2,402	2,910	319	3,229	776	51	827
Bonds and other fixed-income investments	43,427	4,829	48,256	50,964	5,317	56,280	7,537	487	8,024
Other investments									
Total available-for-sale assets	45,561	5,097	50,658	53,874	5,635	59,509	8,313	538	8,851
Trading assets									
Equities and other variable-income investments classified as "trading"			1			1			
Equities and other variable-income investments classified as "held for trading"	446	10	455	446	10	455			
Bonds and other fixed-income investments classified as "trading"	1		1	1		1			
Bonds and other fixed-income investments classified as "held for trading"	2,937	103	3,040	2,937	103	3,040			
Cash mutual funds classified as "trading"	4,598	29	4,627	4,598	29	4,627			
Cash mutual funds classified as "held for trading"	2,348	399	2,747	2,348	399	2,747			
Other investments classified as "trading"									
Other investments classified as "held for trading"									
Total trading assets	10,330	541	10,871	10,330	541	10,871			
TOTAL INVESTMENTS VALUED AT FAIR VALUE	55,891	5,638	61,529	64,204	6,176	70,380	8,313	538	8,851

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

	31.12.2019								
	Net amortised cost			Fair value ⁽¹⁾			Gross unrealised capital gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
<i>(in millions of euros)</i>									
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 valued at fair value, the net value in the balance sheet corresponds to the fair value.

6.2 Investments valued at fair value – by type

31.12.2020

(in millions of euros)	Net amortised cost			Fair value ⁽¹⁾			Gross unrealised capital gains (losses)		
	France	International	Total	France	International	Total	France	International	Total
Equities and other variable-income investments									
Available-for-sale assets	2,134	268	2,402	2,910	319	3,229	776	51	827
Assets classified as “trading”			1			1			
Assets classified as “held for trading”	446	10	455	446	10	455			
Total equities and other variable-income investments	2,580	278	2,858	3,356	329	3,685	776	51	827
Bonds and other fixed-income investments									
Available-for-sale assets	43,427	4,829	48,256	50,964	5,317	56,280	7,537	487	8,024
Assets classified as “trading”	1		1	1		1			
Assets classified as “held for trading”	2,937	103	3,040	2,937	103	3,040			
Total bonds and other fixed-income investments	46,365	4,933	51,297	53,902	5,420	59,322	7,537	487	8,024
Cash mutual funds									
Assets classified as “trading”	4,598	29	4,627	4,598	29	4,627			
Assets classified as “held for trading”	2,348	399	2,747	2,348	399	2,747			
Total cash mutual funds	6,946	428	7,374	6,946	428	7,374			
Other investments									
Available-for-sale assets									
Assets classified as “trading”									
Assets classified as “held for trading”									
Total other investments									
TOTAL INVESTMENTS VALUED AT FAIR VALUE	55,891	5,638	61,529	64,204	6,176	70,380	8,313	538	8,851

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

(in millions of euros)	31.12.2019								
	Net amortised cost			Fair value ⁽¹⁾			Gross unrealised capital gains (losses)		
	France	International	Total	France	International	Total	France	International	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 valued at fair value, the net value in the balance sheet corresponds to the fair value.

6.3 Investments valued at amortised cost in net value

(in millions of euros)	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Loans	55	53	108	61	55	116
Deposits	723	162	886	943	209	1,152
Other	47		47	58		58
TOTAL FINANCIAL INVESTMENT VALUED AT AMORTISED COST	825	216	1,040	1,061	264	1,326

6.4 Reserves for impairment of investments

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	Gross	Reserves	Net	Gross	Reserves	Net
Available-for-sale assets						
Equities and other variable-income investments	2,648	(246)	2,402	2,377	(203)	2,174
Bonds and other fixed-income investments	48,261	(4)	48,256	47,566	(4)	47,562
Other investments						
TOTAL AVAILABLE-FOR-SALE ASSETS	50,909	(251)	50,658	49,943	(207)	49,736
Financial investments valued at amortised cost	1,041	(1)	1,040	1,327	(1)	1,326
FINANCIAL INVESTMENTS VALUED AT AMORTISED COST	1,041	(1)	1,040	1,327	(1)	1,326

Total reserves for long-term impairment on investments measured at fair value were €251 million, compared with €207 million at 31 December 2019.

Regarding equities, a reserve of €120 million was established for strategic securities, unchanged compared with 31 December 2019.

The amount of reserves for long-term impairment on investments valued at amortised cost was unchanged at €1 million.

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

6.5 Financial investments – by currency

<i>(in millions of euros)</i>	31.12.2020				
	Euro	Dollar	Pound	Other	Total
Available-for-sale assets					
Equities and other variable-income investments	2,161	477	9	583	3,229
Bonds and other fixed-income investments	55,438	33	186	623	56,280
Other investments					
Total available-for-sale assets	57,599	510	195	1,206	59,509
Trading assets					
Equities and other variable-income investments classified as “trading”	1				1
Equities and other variable-income investments classified as “held for trading”	455				455
Bonds and other fixed-income investments classified as “trading”	1				1
Bonds and other fixed-income investments classified as “held for trading”	3,035			5	3,040
Cash mutual funds classified as “trading”	4,592	35			4,627
Cash mutual funds classified as “held for trading”	2,747				2,747
Other investments classified as “trading”					
Other investments classified as “held for trading”					
Total trading assets	10,831	35		5	10,871
Loans and receivables					
Loans	107			1	108
Deposits	734			152	886
Other investments	37	9			47
Total loans and receivables	877	10		153	1,040
TOTAL FINANCIAL INVESTMENTS (NET OF DERIVATIVES AND UNIT-LINKED ITEMS)	69,307	554	195	1,364	71,420

The above figures do not include the hedging in place for foreign exchange risk (forward currency sales or currency swaps).

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<i>(in millions of euros)</i>	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).

6.6 Breakdown of listed investments

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
Equities	1,418	1,455
Shares in fixed-income mutual funds	4,811	5,303
Shares in other mutual funds	1,796	1,685
Cash mutual funds	7,374	8,447
Bonds and other fixed-income securities	54,355	52,985
TOTAL LISTED INVESTMENTS	69,753	69,875

At 31 December 2020, total long-term impairment reserves for unlisted investments valued at fair value were €191 million, compared with €165 million at 31 December 2019.

6.7 Breakdown of unlisted investments

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
Equities at fair value	472	290
Bonds and other fixed-income securities at fair value	155	121
Other investments at fair value		
Loans at amortised cost	108	116
Other investments at amortised cost	932	1,210
TOTAL UNLISTED INVESTMENTS	1,667	1,737

At 31 December 2020, total long-term reserves for listed investments measured at fair value were €60 million, compared with €42 million at 31 December 2019.

6.8 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.).

6.8.1 Bond portfolio – by rate

The table below shows the Group's exposure to interest rate risks at the close of each fiscal year.

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Listed bonds						
Available-for-sale	52,606	1,054	53,660	50,776	1,456	52,232
Classified as "trading"						
Classified as "held for trading"	556	139	695	613	140	753
Total listed bonds	53,161	1,194	54,355	51,388	1,596	52,985
Unlisted bonds						
Available-for-sale	134	5	139	99	5	104
Classified as "trading"						
Classified as "held for trading"	5	11	16	5	12	17
Total unlisted bonds	139	16	155	105	16	121
TOTAL BOND PORTFOLIO	53,300	1,210	54,510	51,493	1,613	53,106

6.8.2 Bond portfolio – by maturity

The profile of the annual maturities of the bond portfolios, including consolidated mutual funds, is as follows:

(in millions of euros)	31.12.2020				31.12.2019			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Listed bonds								
Available-for-sale	3,617	16,993	33,050	53,660	2,610	15,545	34,076	52,232
Classified as “trading”								
Classified as “held for trading”	195	207	293	695	34	362	357	753
Total listed bonds	3,812	17,201	33,343	54,355	2,644	15,908	34,433	52,985
Unlisted bonds								
Available-for-sale	32		107	139			104	104
Classified as “trading”								
Classified as “held for trading”	2	14		16	2	15		17
Total unlisted bonds	34	14	107	155	2	15	104	121
TOTAL BOND PORTFOLIO	3,846	17,215	33,450	54,510	2,645	15,923	34,537	53,106

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.

6.8.3 Bond portfolio – by rating

(in millions of euros)	31.12.2020						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	2,762	25,915	10,877	13,613	313	180	53,660
Classified as “trading”							
Classified as “held for trading”	54	47	574	20			695
Total listed bonds	2,816	25,962	11,451	13,633	314	181	54,355
Unlisted bonds							
Available-for-sale			37	102		1	139
Classified as “trading”							
Classified as “held for trading”			11	5			16
Total unlisted bonds			48	106		1	155
TOTAL BOND PORTFOLIO	2,816	25,962	11,499	13,739	314	181	54,510

	31.12.2019						
<i>(in millions of euros)</i>	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

6.8.4 Bond portfolio – by type of issuer

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
Bonds issued by EU Member States	34,251	33,117
Bonds issued by States outside the EU	313	338
Bonds from public and semi-public sectors	2,836	3,228
Corporate bonds	16,859	16,330
Other bonds (including bond funds)	252	91
TOTAL BOND PORTFOLIO	54,510	53,106

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6.9 Fair value hierarchy

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

(in millions of euros)	31.12.2020				31.12.2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
Equities and other variable-income investments	2,730	68	431	3,229	2,708	62	319	3,089
Bonds and other fixed-income investments	54,089	855	1,337	56,280	52,835	725	1,056	54,616
Other investments								
Total available-for-sale assets	56,819	923	1,768	59,509	55,543	787	1,375	57,705
Trading assets								
Equities and other variable-income investments classified as "trading" or "held for trading"	40		416	456	50		291	341
Bonds and other fixed-income investments classified as "trading" or "held for trading"	2,316	342	383	3,041	3,045	435	313	3,793
Cash mutual funds classified as "trading" or "held for trading"	7,374			7,374	8,447			8,447
Other investments								
Total trading assets	9,730	342	799	10,871	11,542	435	604	12,581
SUB-TOTAL OF FINANCIAL INVESTMENTS AT FAIR VALUE (EXCLUDING UNIT-LINKED ITEMS)	66,549	1,264	2,567	70,380	67,085	1,222	1,979	70,286
Investments in unit-linked policies	9,045	2,173	176	11,393	7,548	2,722	228	10,497
Derivative assets and liabilities		(520)		(520)		(499)		(499)
TOTAL FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE	75,594	2,917	2,743	81,254	74,633	3,445	2,207	80,285

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

Derivatives posted to assets totalled €49 million, and derivatives posted to liabilities in the balance sheet totalled €568 million at 31 December 2020.

The level 2 and level 3 financial investments (excluding unit-linked) comprise:

- › for equities, mainly units of private equity funds, unlisted equities, units of unlisted loan funds, and units of infrastructure funds;

- › for bonds, mainly in bonds and structured products not listed on an active market, the compensation of which is indexed to indices, baskets of equities, or rates;

- › for derivatives, mainly fixed-rate payer or receiver swaps against rate, inflation, or currency indexation.

Private equity, infrastructure, or loan fund units are valued based on the latest net asset values communicated by the Manager (and subject to an audit at least annually), adjusted for known flows between the date of this valuation and the close.

The valuation of unlisted equities is based on several methods, such as the discounted cash flow techniques or the restated net asset method.

For bonds and structured products, a liquidity test is conducted on a regular basis. In the event of a presumption of illiquidity, a valuation search is performed on other platforms (FININFO, BLOOMBERG, REUTERS, and UBS DELTA). If the data are not consistent or not available on a platform, a valuation of the counterparties is used. If these counterparty valuations are not available, a valuation based on a model using observable (level 2) or extrapolated (level 3) data is used. If two consistent valuations are available, the security is then classified as level 2. Where only one valuation is available, the security is classified as level 3.

Derivatives are valued on the basis of models using observable market data. The obtained valuations are compared at each close

with the valuations of counterparties in order to assess potential differences. This difference at 31 December 2020 was negligible.

The fair value hierarchy of investment property assets is included in Note 4.

Note that financial investments and investment properties classified as level 3 represent 3.3% of total assets (including 0.9% of transaction assets at fair value through profit or loss) and are carried mainly by life insurance companies.

As of 31 December 2020, transfers from level 1 to level 2 totalled €10 million, and no transfers from level 2 to level 1 were noted.

Beyond the financial assets and liabilities described in the table, the Group recorded fair-value financial contracts without discretionary profit sharing in its underwriting liabilities. They totalled €167 million at 31 December 2020, compared with €165 million at 31 December 2019.

31.12.2020

(in millions of euros)	Available-for-sale assets			Trading assets			Investments in unit-linked policies	Derivative assets and liabilities
	Equities	Bonds	Other investments	Equities	Bonds	Cash mutual funds		
LEVEL 3 OPENING AMOUNT	319	1,056		291	313			228
Change in unrealised capital gains/losses recognised in:								
› net income	(8)			(58)	121			(72)
› gains and losses recognised directly in Group's equity	(11)	232						
Transfer to level 3		33			2			95
Transfer out of level 3		(207)			(96)			
Reclassification to loans and receivables								
Change in scope of consolidation								
Acquisitions	151	293		190	46			
Divestments/Redemptions	(17)	(70)		(7)	(3)			(67)
Currency exchange adjustments	(2)				(1)			(8)
LEVEL 3 CLOSING AMOUNT	431	1,337		416	383			176

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6.10 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:

	31.12.2020			31.12.2019			Variation		
	SPPI* financial assets not held for trading where neither management nor assessment of performance is based on the fair value	Other assets	Total	SPPI* financial assets not held for trading where neither management nor assessment of performance is based on the fair value	Other assets	Total	SPPI* financial assets not held for trading where neither management nor assessment of performance is based on the fair value	Other assets	Total
<i>(in millions of euros)</i>									
Equities and other variable-income investments		3,685	3,685		3,430	3,430		255	255
Bonds and other fixed-income investments	52,193	7,128	59,322	51,164	7,245	58,409	1,029	(117)	912
Cash mutual funds		7,374	7,374		8,447	8,447		(1,074)	(1,074)
Other investments									
Total financial investments valued at fair value	52,193	18,187	70,380	51,164	19,122	70,286	1,029	(935)	94
Loans, deposits, other investments at amortised cost	944	96	1,040	1,219	107	1,326	(275)	(10)	(286)
TOTAL OF FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS	53,137	18,283	71,420	52,383	19,229	71,612	754	(946)	(192)
Unit-linked financial investments		11,286	11,286		10,392	10,392		894	894

* 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.

	31.12.2020						
	AAA	AA	A	BBB	<BBB	Not rated	Total
<i>(in millions of euros)</i>							
Financial assets at book value determined according to IAS 39	2,641	25,192	10,264	13,670	430	940	53,137
SPPI* financial assets not held for trading where neither management nor assessment of performance is based on the fair value	2,641	25,192	10,264	13,670	430	940	53,137

* Solely Payment of Principal and Interest (SPPI) investments are securities whose contractual terms give rise, on specified dates, to cash flows that correspond solely to principal and interest payments on outstanding principal.

Note 7 Investments representing commitments in unit-linked investments

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Variable-income securities and related securities		2	2		3	3
Bonds	2,142	186	2,328	2,672	262	2,934
Equity mutual fund units	7,614	260	7,874	6,327	198	6,525
Bond and other UCITS units	533	502	1,034	350	485	835
Other investments		48	48		96	96
Subtotal of unit-linked financial investments	10,289	997	11,286	9,349	1,043	10,392
Unit-linked investment property	108		108	105		105
Subtotal of unit-linked investment property	108		108	105		105
TOTAL	10,396	997	11,393	9,454	1,043	10,497

Note 8 Asset and liability derivative instruments and separate embedded derivatives

	31.12.2020					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
<i>(in millions of euros)</i>						
Swaps	40	(568)			40	(568)
Options						
Foreign currency futures	9				9	
Other						
TOTAL	49	(568)			49	(568)

	31.12.2019					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
<i>(in millions of euros)</i>						
Swaps	136	(636)			136	(636)
Options						
Foreign currency futures	1				1	
Other						
TOTAL	138	(636)			138	(636)

The Group makes use of various derivatives:

- › variable-rate indexed swaps, to protect 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 2020 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 derivatives thanks to the collateralisation system put in place by the Group.

Note 9 Uses and sources of funds for financial sector business activities

9.1 Uses of funds for financial sector activities

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	Gross value	Reserves	Net value	Gross value	Reserves	Net value
Petty cash, central banks and postal accounts						
Financial assets at fair value through income	109		109	96		96
Hedging derivatives						
Available-for-sale financial assets	3		2	3		2
Loans and receivables on credit institutions	23		23	24		24
Loans and receivables on customers						
Revaluation difference of interest rate hedged portfolios						
Held-to-maturity financial assets						
Investment property						
TOTAL	135		134	122		121

9.2 Uses of funds for financial sector activities

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
Central banks, postal accounts		
Financial liabilities at fair value through income		
Hedging derivatives		
Debts to credit institutions		
Debts to customers	12	14
Debts represented by securities		
Revaluation difference of interest rate hedged portfolios		
TOTAL	12	14

Note 10 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.

Compagnie Financière d'Orange Bank, 75.86%-held by Orange and 24.14%-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.

(in millions of euros)	31.12.2020		31.12.2019	
	Equivalent value	Share of income	Equivalent value	Share of income
Orange Bank	110	(50)	155	(63)
STAR	82	2	69	3
Groupama – AVIC Property Insurance Co.	62	(11)	75	(4)
Compagnie Financière d'Orange Bank				
TOTAL	254	(60)	299	(64)

10.1 Significant data pursuant to IFRS 12

(in millions of euros)	2020				
	Premium income	Net income	Technical reserves	Total assets	Shareholders' equity
STAR ⁽²⁾	112	3	243	388	113
Groupama – AVIC Property Insurance Co. ⁽²⁾	300	(17)	152	389	123
Orange Bank ⁽¹⁾		(178)		4,327	351
Compagnie Financière d'Orange Bank ⁽¹⁾		(210)		421	411

(1) Actual data.

(2) Actual 2019 data on technical reserves, total assets, and shareholders' equity/Estimated 2020 data for premium income and the result.

(in millions of euros)	2019				
	Premium income	Net income	Technical 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) As per IFRS 5, La Banque Postale Assurances IARD is classed as a business due to be discontinued

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 in application of the equity method on related companies of Orange Bank (which has applied IFRS 9 since 1 January 2018).

Note 11 Share of outward reinsurers and retrocessionaires in liabilities related to insurance policies and financial contracts

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	11	18	30	12	21	32
Outstanding claims reserves	1,266	69	1,334	1,027	85	1,112
Other technical reserves	350	1	351	351	1	352
Total	1,628	88	1,715	1,389	107	1,496
Share of reinsurers in life insurance reserves						
Life insurance reserves	33	2	34	28	2	30
Outstanding claims reserves	23	2	25	18	2	21
Reserves for profit sharing	16		16	16		16
Other technical reserves						
Total	72	4	76	63	4	67
Share of reinsurers in financial contract reserves						
TOTAL	1,700	91	1,791	1,452	111	1,563

11.1 Change in the share of outward reinsurers and retrocessionaires in claims reserves for non-life claims split by operating segment

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Share of reinsurers in opening reserves for claims	1,027	85	1,112	961	80	1,041
Portfolio transfers and changes in scope of consolidation						
Share of reinsurers in total claims expense	521	38	559	342	46	389
Share of reinsurers in total payments	(282)	(48)	(330)	(277)	(39)	(316)
Foreign exchange variation		(7)	(7)		(2)	(2)
SHARE OF REINSURERS IN CLOSING RESERVES FOR CLAIMS	1,266	69	1,334	1,027	85	1,112

Note 12 Other property plant and equipment

12.1 Change in other property plant and equipment

(in millions of euros)	31.12.2020				31.12.2019			
	Other property, plant, and equipment	Other long-term operating assets	Right of use	Total	Other property, plant, and equipment	Other long-term operating assets	Right of use	Total
Opening gross value	409	64	1	474	377	64		441
Acquisitions	35	8	1	44	49	2	1	52
Change in scope of consolidation					1			1
Assets capitalised in the year	1			1	(3)			(3)
Currency exchange adjustments	(3)			(3)	(1)			(1)
Asset sales	(15)	(2)	(1)	(17)	(13)	(1)		(14)
Closing gross value	427	70	1	498	409	64	1	474
Opening cumulative amortisation	(279)			(279)	(257)			(257)
Increase	(31)			(32)	(29)			(30)
Change in scope of consolidation								
Currency exchange adjustments	2			2	1			1
Decrease	11			12	7			7
Closing cumulative amortisation	(297)		(1)	(297)	(279)			(279)
Opening cumulative long-term impairment	(1)			(1)	(1)			(1)
Long-term impairment recognised								
Change in scope of consolidation								
Currency exchange adjustments								
Long-term impairment write-backs								
Closing cumulative long-term impairment	(1)			(1)	(1)			(1)
Opening net value	129	64	1	194	119	64		183
Closing net value	130	70	1	200	129	64	1	194
Closing fair value of other property, plant and equipment	131	117	1	248	129	106	1	235
UNREALISED CAPITAL GAINS (LOSSES)	1	47	0	48	0	42	0	42

Unrealised capital gains on long-term operating assets primarily include biological assets booked in accordance with IAS 41. These are largely forests.

12.2 Other property plant and equipment – by operating segment

(in millions of euros)	31.12.2020								
	Other property, plant, and equipment			Other long-term operating assets			Right of use		
	France	International	Total	France	International	Total	France	International	Total
Gross value	324	104	427	70		70	1	1	1
Cumulative amortisation & impairment	(209)	(88)	(297)						(1)
Long-term impairment	(1)		(1)						
Closing net value	114	16	130	70		70	0	0	1
Closing fair value of investment property	116	16	131	117		117			1
UNREALISED CAPITAL GAINS (LOSSES)	1	0	1	47		47	0	0	0

(in millions of euros)	31.12.2019								
	Other property, plant, and equipment			Other long-term operating assets			Right of use		
	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

Note 13 Deferred acquisition costs

(in millions of euros)	31.12.2020			31.12.2019		
	Gross	Deferred profit-sharing	Net	Gross	Deferred profit-sharing	Net
	Non-life insurance policies	81		81	79	
Life insurance policies and financial contracts with discretionary profit sharing	20		20	21		21
France	101		101	100		100
Non-life insurance policies	49		49	51		51
Life insurance policies and financial contracts with discretionary profit sharing	16	(2)	13	16	(2)	14
International	65	(2)	62	67	(2)	65
TOTAL DEFERRED ACQUISITION COSTS	166	(2)	163	167	(2)	165

Note 14 Deferred taxes

14.1 Deferred tax assets – by operating segment

(in millions of euros)	31.12.2020			31.12.2019
	France	International	Total	Total
Deferred tax assets	20	12	32	64
TOTAL	20	12	32	64

14.2 Deferred tax liabilities – by operating segment

(in millions of euros)	31.12.2020			31.12.2019
	France	International	Total	Total
Deferred tax liabilities	537	1	538	323
TOTAL	537	1	538	323

14.3 Analysis of the major components of deferred taxes

(in millions of euros)	31.12.2020	31.12.2019
Deferred taxes resulting from timing differences		
Restatements on AFS & Trading financial instruments (net of deferred profit sharing)	(620)	(488)
Life acquisition costs and overall management expenses reserve	(27)	(39)
Consolidation restatements on technical reserves	(260)	(183)
Other differences on consolidation restatements	81	70
Deferred non-life acquisition costs	(23)	(25)
Tax differences on technical reserves and other contingent liabilities	241	358
Tax-deferred capital gains	(3)	(2)
Valuation difference on mutual funds	3	0
Foreign exchange hedge	7	6
Other temporary tax differences	38	39
Subtotal of deferred taxes resulting from timing differences	(563)	(264)
Deferred taxes from stocks of ordinary losses	57	4
Deferred taxes recorded on the balance sheet	(506)	(260)
of which, assets	32	64
of which, liabilities	(538)	(323)

Unrecognised deferred taxes on net assets amounted to €12 million at 31 December 2020, compared with €15 million at 31 December 2019.

Within France, deferred taxation has been determined including the reduction in corporation tax rates to 25.82% scheduled to occur by 2022.

Note 15 Receivables from insurance or inward reinsurance transactions

15.1 Receivables from insurance or inward reinsurance transactions – by operating segment

<i>(in millions of euros)</i>	31.12.2020						31.12.2019	
	France			International			Total	Total
	Gross value	Reserves	Net value	Gross value	Reserves	Net value		
Earned unwritten premiums	984		984	14		14	999	1,024
Policyholders, intermediaries, and other third parties	480	(24)	456	288	(25)	264	720	738
Current accounts – co-insurers and other third parties	73	(7)	65	42	(26)	16	81	80
Current accounts for ceding and retroceding companies and other receivables from inward reinsurance operations	284		284	7		7	291	307
TOTAL	1,821	(31)	1,790	352	(51)	301	2,091	2,150

15.2 Receivables from insurance or inward reinsurance transactions – by maturity

<i>(in millions of euros)</i>	31.12.2020				31.12.2019			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Earned unwritten premiums	999			999	1,024			1,024
Policyholders, intermediaries, and other third parties	687	33		720	698	36	4	738
Current accounts – co-insurers and other third parties	78	3		81	78	2		80
Current accounts for ceding and retroceding companies and other receivables from inward reinsurance operations	238	53		291	250	57		307
TOTAL	2,002	89		2,091	2,051	95	4	2,150

Note 16 Receivables from outward reinsurance transactions

(in millions of euros)	31.12.2020			31.12.2019
	Gross value	Reserves	Net value	Net value
Outward reinsurer and retrocessionaire current accounts	58	(1)	57	64
Other receivables from reinsurance transactions	193		193	118
TOTAL	251	(2)	249	182

16.1 Receivables from outward reinsurance transactions – by maturity

(in millions of euros)	31.12.2020				31.12.2019			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Outward reinsurer and retrocessionaire current accounts	53	3		57	61	2		64
Other receivables from reinsurance transactions	193			193	118			118
TOTAL	246	3		249	180	2		182

Note 17 Risk of reinsurer insolvency

Outward reinsurance consists of transferring to the reinsurer a portion of the risks accepted by the ceding company. They are regularly reviewed to monitor and limit the credit risk on third-party reinsurers. The Reinsurance Securities Committee examines and approves the list of reinsurers accepted for all external outward reinsurance.

This list is reviewed in its entirety at least twice a year. During the year, continual monitoring is performed to adapt the internal ratings on reinsurers to any changes that might affect them and modify their solvency assessment. For any given reinsurance placement,

any reinsurer approached for an outward reinsurance outside Groupama must first be on the list of the Group Security Committee.

Approved reinsurers must have a rating compatible with the type of business reinsured, depending on whether they have a short or long accounting run-off.

Transferred insurance technical reserves and recoverables are shown below, by rating, according to the three largest rating agencies (Standard & Poor's, Fitch Ratings, Moody's).

(in millions of euros)	31.12.2020						Total
	AAA	AA	A	BBB	< BBB	Not rated	
Share of reinsurers in non-life insurance reserves		1,062	175		5	472	1,715
Share of reinsurers in life insurance reserves		12	16			47	76
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		173	24			52	249
TOTAL	1	1,248	215		5	572	2,040

(in millions of euros)	31.12.2019						Total
	AAA	AA	A	BBB	< BBB	Not rated	
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

The total share of unrated reinsurers equates in the main to outward reinsurance to professional reinsurance pools, especially ASSURPOL, ASSURATOME, GAREAT, and Réunion Aérienne, which are not subject to any rating.

A share of €372 million (€353 million for fiscal year 2019) is also represented by the Groupama Assurances Mutuelles retrocession

to the regional mutuals under the Internal Reinsurance agreement. The breakdown is as follows:

- › €371 million in share of reinsurers in non-life insurance reserves;
- › €2 million in receivables from outward reinsurance operations.

Note 18 Current tax receivables and other tax receivables

18.1 Current tax receivables and other tax receivables – by maturity

(in millions of euros)	31.12.2020				31.12.2019			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Tax claims	99			99	37			37
Other receivables from state and local authorities	219			219	202			202
TOTAL	318			318	239			239

18.2 Current tax receivables and other tax receivables – by operating segment

(in millions of euros)	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Tax claims	64	35	99	10	27	37
Other receivables from state and local authorities	93	127	219	77	124	202
TOTAL	157	161	318	88	151	239

Note 19 Other receivables

<i>(in millions of euros)</i>	31.12.2020			31.12.2019
	Gross value	Reserves	Total	Total
Accrued interest not yet due	595		595	602
Due from employees	7		7	8
Social welfare bodies	10		10	11
Other debtors	1,585	(38)	1,547	1,267
Other receivables	659		659	394
TOTAL	2,855	(38)	2,817	2,282

19.1 Other receivables – by maturity

<i>(in millions of euros)</i>	31.12.2020				31.12.2019			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Accrued interest not yet due	595			595	602			602
Due from employees	7			7	8			8
Social welfare bodies	10			10	11			11
Other debtors	1,537	8	2	1,547	1,256	8	3	1,267
Other receivables	659			659	394			394
TOTAL	2,807	8	2	2,817	2,272	8	3	2,282

19.2 Other receivables – by operating segment

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Accrued interest not yet due	541	54	595	540	62	602
Due from employees	7	1	7	7	1	8
Social welfare bodies	10		10	9	2	11
Other debtors	1,486	60	1,547	1,229	38	1,267
Other receivables	635	24	659	352	42	394
TOTAL	2,678	139	2,817	2,138	145	2,282

Note 20 Cash and cash equivalents

20.1 Cash and cash equivalents applied to balance sheet assets

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
France	401	290
International	94	129
TOTAL	495	419

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

20.2 Cash applied to balance sheet liabilities

<i>(in millions of euros)</i>	31.12.2020				31.12.2019			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Operating debts to banking sector companies	80	1		81	49			49
TOTAL	80	1		81	49			49

<i>(in millions of euros)</i>	31.12.2020			
	Currencies		Rate	
	Eurozone	Non-eurozone	Fixed rate	Variable rate
Operating debts to banking sector companies	81		81	
	81		81	

Note 21 Group's equity, minority interests

21.1 Share capital limits for insurance companies

Insurance business operations are governed by regulatory constraints that define minimum share capital or start-up funds 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 established in the form of agricultural insurance or reinsurance mutual insurance companies must have initial capital at least equal to €240,000 or €400,000 depending on the branches operated. French public limited companies must have share capital of at least €480,000 or €800,000 depending on the branches operated.

Additionally, in order to ensure a solid financial position for insurance companies and to guarantee protection for insurance customers, in France, insurance companies are subject since 1 January 2016 to the "Solvency 2" regulatory system, which was introduced by European Directive 2009/138/EC of 25 November 2009. It requires insurance companies to continuously meet the minimum capital requirements (Article L. 352-5 of the French Insurance Code) and solvency capital requirements (Article L. 352-1

of the French Insurance Code) calculated in accordance with the provisions of delegated regulation 2015/35. This obligation also exists abroad, following 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.

21.2 Impact of transactions with shareholders

CHANGE IN GROUP'S EQUITY DURING THE 2020 FISCAL YEAR

Over the 2020 fiscal year, there were no transactions that had any impact on share capital or issue premiums.

ACCOUNTING TREATMENT OF SUBORDINATED BONDS CLASSIFIED AS 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	25.05.2014	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 the terms, and pursuant to IAS 32 sections 16 and 17, the loan is considered an equity instrument and not a financial liability. It is therefore recognised under shareholders' equity. Interest costs net of tax are charged directly against shareholders' equity in accordance with IAS 32 section 35 (rather than as an expense in the income statement).

21.3 Reserves related to changes in fair value recorded in Group's equity

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

(in millions of euros)	31.12.2020	31.12.2019
Gross unrealised capital gains/losses on available-for-sale assets	8,851	7,969
Shadow accounting	(6,132)	(5,736)
Cash flow hedge and other changes	(40)	(40)
Deferred taxes	(553)	(416)
Share of non-controlling interests	(4)	(4)
REVALUATION RESERVE – GROUP SHARE	2,122	1,773

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 capital 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 from 1 January 2006, unrealised capital gains on “strategic” equity interests are exempt from the calculation of deferred tax up to a maximum percentage of costs and expenses (i.e. an effective rate of 3.41%).

“Cash flow hedge and other changes” totalling -€40 million includes -€22 million in cash-flow hedge revaluation reserves and -€18 million in net investment hedge revaluation reserves. These reserves are the effective portion of the hedging implemented by the Group in the past and since unwound. They will be recycled into the income statement on disposal of the items hedged, in accordance with the provisions of IAS 39.

Note 22 Contingent liabilities

(in millions of euros)	31.12.2020						
	France			International			
	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	202	73	275	31	50	81	356
Changes in the consolidation scope, changes in accounting policies, and transfers					(1)	(1)	(1)
Allocations for the period	84	64	148	4	20	24	172
Write-backs for the period	(74)	(39)	(112)	(4)	(15)	(19)	(131)
Foreign exchange variation					(1)	(1)	(1)
CLOSING BALANCE	213	98	311	31	52	83	394

(1) Details are not provided for this line item because this information could seriously prejudice the Group in view of ongoing litigation proceedings.

(in millions of euros)	31.12.2019						
	France			International			
	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
Changes in the consolidation scope, changes in accounting policies, and transfers					1	1	1
Allocations for the period	129	44	173	4	19	23	196
Write-backs for the period	(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 prejudice the Group in view of ongoing litigation proceedings.

Note 23 Information pertaining to personnel benefits – defined-benefit plans

23.1 Principal actuarial assumptions

(in millions of euros)	31.12.2020				31.12.2019			
	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Actuarial debt	232	380	31	643	222	384	31	637
Fair value of hedging assets	19	380		400	20	384		404
Net actuarial debt	213	0	31	243	202	0	31	233
Principal actuarial assumptions								
Financial assumptions								
Discount rate	0.50%	1.60%	NS		0.70%	2.00%	NS	
Yield expected from plan assets	0.50%	1.60%	NS		0.70%	2.00%	NS	
Expected salary/pension increase	1.83%	2.70%	NS		1.82%	2.60%	NS	
Staff turnover								
› 18 to 34 years	6.96%	NA	NS		6.93%	NA	NS	
› 35 to 44 years	3.63%	NA	NS		3.53%	NA	NS	
› 45 to 54 years	1.66%	NA	NS		1.45%	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 2020 to value actuarial commitments is the interest rate on high-quality corporate bonds.

23.2 Reserve for pensions

23.2.1 Pensions reserve – Change in actuarial value of the debt

(in millions of euros)	31.12.2020			31.12.2019		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
OPENING ACTUARIAL DEBT	597	40	637	551	39	590
Cost of past services	9	3	12	11	3	14
Interest payable	8		8	12		12
Revaluations of actuarial debt						
Actuarial differences resulting from changes in demographic assumptions	2	(1)	1	(4)		(4)
Actuarial differences resulting from changes in financial assumptions	28	1	29	38	2	40
Experience-related adjustments	(5)	(2)	(7)	(7)	(3)	(9)
Benefits paid directly by the employer	(7)	(1)	(9)	(7)	(2)	(8)
Benefits paid by hedging assets	(17)		(17)	(19)		(19)
Cost of past services and profit/loss on liquidation						
Change in scope of consolidation						
Change in exchange rates	(21)		(21)	18		18
Other	8	2	10	3		3
CLOSING ACTUARIAL DEBT	602	41	643	597	40	637

23.2.2 Reserve for pensions – Change in the fair value of hedging assets

(in millions of euros)	31.12.2020			31.12.2019		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
OPENING FAIR VALUE OF HEDGING ASSETS	404		404	360		360
Interest income	7		7	10		10
Revaluations of hedging assets						
Portion of yield on hedging assets in excess of the discount rate	20		20	32		32
Change in effect of asset cap						
Benefits paid	(17)		(17)	(22)		(22)
Employer contributions	6		6	6		6
Employee contributions						
Change in scope of consolidation						
Change in exchange rates	(21)		(21)	17		17
Other				1		1
CLOSING FAIR VALUE OF HEDGING ASSETS	400		400	404		404

23.3 Change in post-employment benefits recognised through net income and profits/losses recognised directly through Group's equity

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
Cost of services:		
Cost of past services	(9)	(11)
Cost of past services and profit/loss on liquidation		
Net interest on net actuarial debt	(1)	(2)
Other		
COMPONENT OF THE EXPENSE RECOGNISED IN THE INCOME STATEMENT	(9)	(13)
Revaluation of net actuarial debt:		
Portion of return on hedging assets not recognised in the income statement	20	32
Actuarial differences resulting from changes in demographic assumptions	(2)	4
Actuarial differences resulting from changes in financial assumptions	(28)	(38)
Experience-related adjustments	5	7
Change in effect of asset cap		
COMPONENT OF THE EXPENSE RECOGNISED THROUGH PROFIT/LOSSES POSTED DIRECTLY UNDER GROUP'S EQUITY	(5)	4

23.4 Information pertaining to personnel benefits – distribution of hedging assets

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
Equities	78	60
Bonds		
Other	321	344
FAIR VALUE OF HEDGING ASSETS	400	404

23.5 Sensitivity analysis

The sensitivity to an increase of 50 basis points in the discount rate is -6.2% on the total gross actuarial debt for France, and -7.6% for the United Kingdom.

Sensitivity to social commitments in relation to illness cover: at 31 December 2020, 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 -5.1%.

Note 24 Financing debt

24.1 Financing debt – by maturity

(in millions of euros)	31.12.2020				31.12.2019			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Subordinated debt of insurance companies			1,632	1,632			1,630	1,630
Financing debt represented by securities								
Financing debt with banking-sector companies								
TOTAL			1,632	1,632			1,630	1,630

The redeemable subordinated bonds classified as “financing liabilities” are 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 2020, the quotation:

- › of the 2017 issue is 125.0%, compared with 127.2% at 31 December 2019;
- › of the 2018 issue is 112.5%, compared with 110.5% at 31 December 2019;
- › of the 2019 issue was 104.2%, compared with 100.5% at 31 December 2019.

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

24.2 Financing debt – by currency and rate

(in millions of euros)	31.12.2020			
	Currencies		Rate	
	Eurozone	Non-eurozone	Fixed rate	Variable rate
Subordinated debt of insurance companies	1,632		1,632	
Financing debt represented by securities				
Financing debt with banking-sector companies				
TOTAL	1,632		1,632	

Note 25 Technical liabilities related to insurance policies

25.1 Technical liabilities related to insurance policies – by operating segment

(in millions of euros)	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Gross technical reinsurance reserves						
Life insurance reserves	31,812	692	32,504	31,925	737	32,662
Outstanding claims reserves	739	64	803	647	50	696
Reserves for profit sharing	662	2	665	649	2	651
Other technical reserves	24	10	34	9	10	19
Total Life insurance	33,237	769	34,005	33,229	798	34,028
Reserves for unearned premiums	735	590	1,326	707	639	1,347
Outstanding claims reserves	7,082	2,117	9,199	6,713	2,202	8,915
Other technical reserves	2,843	42	2,885	2,767	42	2,809
Total Non-life insurance	10,661	2,749	13,409	10,187	2,883	13,070
Life insurance reserves for unit-linked policies	10,341	1,045	11,386	9,862	1,082	10,943
TOTAL	54,238	4,563	58,801	53,278	4,763	58,041

The adequacy tests carried out on liabilities as at 31 December 2020 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 non-life outstanding claims reserve totalled €9,199 million at 31 December 2020. These reserves are valued using an actuarial approach, defined in accordance with a Group methodology. By means of valuations of final costs based on payment or cost triangles (depending on the risk segment), this method determines the sufficient amount of outstanding claims reserve. This valuation includes the valuation of delinquent claims and expected recoveries in its approach.

LONG-TERM CARE

The total amount of reserves relating to long-term care risk stood at €362 million at 31 December 2020. This figure was determined based on reserves valued using an economic approach (best estimate) at a discount rate of 1.20% including a prudence factor for long-term care and home-care insurance portfolios. The best estimate reserve is valued using the same forward-looking model as that used to justify the adequacy of employee welfare reserves. The biometric and economic assumption other than the discount rate are also the same.

VALUATION OF NON-LIFE ACTUARIAL ANNUITY RESERVES

Non-life technical reserves relatives to annuities in service or capital comprising annuities are discounted in accordance with the stipulations of relevant provisions. Relying on the provisions of IFRS 4, which themselves are based, for these items, on the provisions of CRC (French Accounting Standards Committee) regulation 2000-05, the Group uses a discount rate equating to a prudently estimated rate of return on assets when discounting reserves for non-life annuities (annuities in service and deferred annuities).

25.2 Technical liabilities related to insurance policies – by business

25.2.1 Technical liabilities related to insurance policies – by business – France

(in millions of euros)	31.12.2020			31.12.2019		
	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	31,812		31,812	31,925		31,925
Outstanding claims reserves	739		739	647		647
Reserves for profit sharing	662		662	649		649
Other technical reserves	24		24	9		9
Total Life insurance	33,237		33,237	33,229		33,229
Reserves for unearned premiums	42	694	735	40	668	707
Outstanding claims reserves	858	6,224	7,082	749	5,964	6,713
Other technical reserves	1,984	859	2,843	1,869	898	2,767
Total Non-life insurance	2,884	7,777	10,661	2,658	7,529	10,187
Life insurance reserves for unit-linked policies	10,341		10,341	9,862		9,862
TOTAL	46,462	7,777	54,238	45,749	7,529	53,278

25.2.2 Technical liabilities related to insurance policies – by business – International

(in millions of euros)	31.12.2020			31.12.2019		
	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	692		692	737		737
Outstanding claims reserves	64		64	50		50
Reserves for profit sharing	2		2	2		2
Other technical reserves	10		10	10		10
Total Life insurance	769		769	798		798
Reserves for unearned premiums	53	537	590	59	580	639
Outstanding claims reserves	89	2,027	2,117	102	2,100	2,202
Other technical reserves	12	30	42	11	30	42
Total Non-life insurance	154	2,594	2,749	172	2,711	2,883
Life insurance reserves for unit-linked policies	1,045		1,045	1,082		1,082
TOTAL	1,968	2,594	4,563	2,052	2,711	4,763

25.3 Breakdown of technical reserves for insurance policies – by main categories

(in millions of euros)	31.12.2020			31.12.2019		
	Gross life insurance reserves	Gross outstanding claims reserves	Total	Gross life insurance reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	8	10	18	10	11	21
Individual insurance	13,021	121	13,142	12,779	91	12,870
Group policies	164	3	167	168	3	171
Other				138		138
Total reserves for single-premium policies	13,192	134	13,326	13,096	105	13,201
Periodic premium policies						
Capitalisation	86	2	88	139	2	141
Individual insurance	5,911	240	6,151	6,095	218	6,313
Group policies	7,725	383	8,109	7,882	334	8,216
Other	2,862	2	2,864	2,656	3	2,659
Total reserves for periodic premium policies	16,584	627	17,211	16,772	557	17,330
Inward reinsurance	2,728	41	2,769	2,793	34	2,827
TOTAL	32,504	803	33,307	32,662	696	33,358

(in millions of euros)	31.12.2020			31.12.2019		
	Reserves for unearned premiums	Outstanding claims reserves	Total	Reserves for unearned premiums	Outstanding claims reserves	Total
Non-life insurance						
Motor	508	2,346	2,853	536	2,367	2,904
Bodily injury	76	654	730	85	615	700
Property damage	278	774	1,051	280	785	1,065
General third party liability	47	483	530	49	494	543
Marine, aviation, transport	8	63	71	8	75	83
Other risks	156	884	1,040	164	858	1,021
Inward reinsurance	254	3,995	4,249	225	3,720	3,945
TOTAL NON-LIFE RESERVES	1,326	9,199	10,525	1,347	8,915	10,261

25.4 Change in non-life outstanding claims reserve

(in millions of euros)	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Opening reserves for non-life claims	6,713	2,202	8,915	6,517	2,079	8,596
Portfolio transfers				(96)	1	(95)
Claims expense for the current year	3,932	1,031	4,964	3,951	1,316	5,267
Claims expense for prior years	154	72	226	(76)	68	(8)
Total claims expense	4,086	1,104	5,190	3,875	1,384	5,259
Claims payments for the current year	(1,679)	(502)	(2,181)	(1,746)	(599)	(2,344)
Claims payments for prior years	(2,037)	(618)	(2,656)	(1,838)	(636)	(2,474)
Total payments	(3,717)	(1,120)	(4,836)	(3,584)	(1,235)	(4,818)
Foreign exchange variation		(69)	(70)		(26)	(26)
CLOSING RESERVES FOR NON-LIFE CLAIMS	7,082	2,117	9,199	6,713	2,202	8,915

25.5 Impact of gross claims

(in millions of euros)	2016	2017	2018	2019	2020
Estimate of the claims expense					
End N	4,901	4,950	4,926	5,205	4,949
End N+1	4,842	5,059	4,976	5,295	
End N+2	4,786	4,953	4,990		
End N+3	4,723	4,935			
End N+4	4,580				
Claims expense	4,580	4,935	4,990	5,295	4,949
Cumulative claims payments	4,124	4,172	4,012	3,952	2,170
Outstanding claims reserves	456	763	978	1,343	2,779
Earned premiums	6,374	6,604	6,860	7,122	6,883
LOSS RATIO	71.9%	74.7%	72.7%	74.4%	71.9%

The statement of claim trends shows changes in estimates of the gross claims expense per year of occurrence covering the years 2016 to 2020, 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.

25.6 Impact of the discount in actuarial reserves for non-life annuities by operating segment

Gross value

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Closing non-life annuity actuarial reserves (net of recoveries)	2,356	18	2,373	2,195	20	2,216
Closing non-life annuity actuarial reserves (net of recoveries) before change in discount rate	2,355	18	2,373	2,322	20	2,343
Closing non-life annuity actuarial reserves (net of recoveries) excluding technical interest	2,648	18	2,666	2,464	20	2,484
Technical interest	(293)		(293)	(142)		(142)
Impact of change in discount rate				(127)		(127)

Proportion ceded

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries)	283		283	317	(1)	317
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) before change in discount rate	283		283	326	(1)	325
Share of reinsurers in non-life annuity actuarial reserves carried forward (net of recoveries) excluding technical interest	304		304	336	(1)	336
Technical interest	(21)		(21)	(11)		(11)
Impact of change in discount rate				(8)		(8)

Note 26 Technical liabilities related to financial contracts

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
Reserves on financial contracts with discretionary profit sharing		
Life technical reserves	11,128	11,653
Reserves for unit-linked contracts	62	64
Outstanding claims reserves	118	104
Reserves for profit sharing	231	239
Other technical reserves		
Total	11,539	12,061
Reserves on financial contracts without discretionary profit sharing		
Life technical reserve		
Reserves for unit-linked contracts	167	165
Outstanding claims reserves	1	1
Reserves for profit sharing		
Other technical reserves		
Total	168	166
TOTAL	11,706	12,227

26.1 Liabilities related to financial contracts (excluding unit-linked items) – by operating segment

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Life financial contract reserves	9,141	1,987	11,128	9,721	1,932	11,653
Outstanding claims reserves	103	16	118	92	12	105
Profit-sharing reserves	231		231	239		239
Other technical reserves						
TOTAL	9,474	2,003	11,477	10,053	1,945	11,997

The conversion without forfeiting tax benefits of euro single-vehicle financial policies into multi-vehicle insurance policies is carried out by transferring the amounts of actuarial reserves. This conversion had no impact on the recognition of premium income. The amounts involved in this “Fourgous” conversion totalled €99 million at 31 December 2020.

26.2 Breakdown of liabilities related to financial contracts – by major category

(in millions of euros)	31.12.2020			31.12.2019		
	Life financial contract reserves	Gross outstanding claims reserves	Total	Life financial contract reserves	Gross outstanding claims reserves	Total
Single-premium policies						
Capitalisation	470	1	471	464	2	465
Individual insurance	9,910	94	10,004	10,471	81	10,553
Group policies	107		107	94		94
Other						
Total reserves for single-premium policies	10,487	95	10,582	11,029	83	11,112
Periodic premium policies						
Capitalisation	39	10	48	45	9	54
Individual insurance	262	13	275	271	12	283
Group policies	337	1	338	305		305
Other	3		3	3		3
Total reserves for periodic premium policies	641	23	664	624	22	646
Inward reinsurance						
TOTAL LIFE INSURANCE RESERVES	11,128	118	11,247	11,653	105	11,758

Note 27 Change in actuarial reserves for life insurance policies and financial contracts – by operating segment

(in millions of euros)	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
OPENING ACTUARIAL RESERVES	41,646	2,669	44,315	42,127	2,630	44,756
Premiums for the year	1,787	255	2,042	1,832	265	2,097
Interest credited	234	24	258	239	28	267
Profit sharing	564	20	583	598	21	618
Terms	(323)	(105)	(427)	(342)	(76)	(418)
Redemptions	(1,303)	(141)	(1,443)	(1,179)	(167)	(1,347)
Annuity arrears	(630)	(1)	(631)	(628)	(1)	(629)
Death benefits	(1,006)	(31)	(1,037)	(1,029)	(26)	(1,055)
Other movements including transfers	(17)	(11)	(27)	29	(4)	25
CLOSING ACTUARIAL RESERVES	40,953	2,680	43,632	41,646	2,669	44,315

Note 28 Deferred profit sharing liabilities

(in millions of euros)	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Reserve for deferred profit sharing of insurance policies	5,856	9	5,865	5,369	11	5,380
Reserve for deferred profit sharing of financial contracts		137	137		115	115
TOTAL	5,856	145	6,002	5,369	126	5,494

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

In the particular case of Groupama Gan Vie, the deferred profit-sharing rate is determined using a prospective sharing rate method based on three-year business plans.

The rates used in France at 31 December 2020 fall within a range of 73.61% to 85.64%, with 76.02% for Groupama Gan Vie.

Note 29 Debts arising from insurance or inward reinsurance transactions

(in millions of euros)	31.12.2020				31.12.2019			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Policyholders, intermediaries, and other third parties	865			865	694	1		695
Co-insurers	48			48	50			50
Current accounts for ceding and retroceding companies and other liabilities from reinsurance transactions	181			181	81	4		85
TOTAL	1,094			1,094	826	5		831

Note 30 Debts arising from outward reinsurance transactions

(in millions of euros)	31.12.2020				31.12.2019			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Outward reinsurer and retrocessionaire current accounts ⁽¹⁾	269	2	2	273	215	59		274
Other liabilities from reinsurance activities	113			113	79			79
TOTAL	383	2	2	386	293	59		352

(1) Including cash deposits received from reinsurers.

Note 31 Current taxes payable and other tax liabilities

(in millions of euros)	31.12.2020				31.12.2019			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Corporate income tax	5			5	23			23
Other liabilities with state and local authorities	89			90	101			102
TOTAL	94			94	125			125

Tax liabilities payable totalled €2 million at 31 December 2020 in respect of foreign companies.

Other tax liabilities in respect of international subsidiaries totalled €32 million at 31 December 2020.

Note 32 IFRS 16 lease liabilities

32.1 IFRS 16 lease liabilities – operating segment

(in millions of euros)	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
IFRS 16 lease liabilities	175	25	200	185	26	211
TOTAL	175	25	200	185	26	211

32.2 IFRS 16 lease liabilities – by maturity

(in millions of euros)	31.12.2020				31.12.2019			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
IFRS 16 lease liabilities	30	97	73	200	33	89	90	211
TOTAL	30	97	73	200	33	89	90	211

32.3 IFRS 16 lease liabilities – by currency and rate

(in millions of euros)	31.12.2020			
	Currencies		Rate	
	Eurozone	Non-eurozone	Fixed rate	Variable rate
IFRS 16 lease liabilities	196	4	200	
TOTAL	196	4	200	

It should be noted that the Grop has been applying IFRS 16 since 1 January 2019: leases are now recognised as assets and the debt

corresponding to the required payment of rent is recorded as liabilities.

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User rights on operational properties are shown under Note 5 – Operating property. User rights on other property, plant and equipment under Note 12 – Other property, plant and equipment. Notes 5 and 12 reuse opening stocks, changes during the fiscal year affecting the gross value, amortisation & depreciation and the net book value and closing stocks.

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Financial expenses on lease liabilities are shown on a separate line in Note 43 – Financing expenses.

Rent relating short-term leases and low-value goods are shown under Note 38 – Operating expenses, in the “External expenses” line.

It should be noted that the Group recognised no expenses over the fiscal year relating to variable rents not included in the rental obligations valuation.

Likewise, no profit or loss resulting from lease disposal transactions was recorded.

The cash flow statement includes cash flows relating to leases.

OFF-BALANCE SHEET COMMITMENT (Note 47)

Property contracts excluded from the scope of IFRS 16, being short-term (mainly contracts with tacit renewal at the time the standard came to be applied on 1 January 2019) are shown at 31 December 2020 as off-balance sheet commitments for the amount of rent still to be paid during the notice year.

It should be noted that contracts whose leases have become tacit since 1 January 2019 are subject to events implicitly prolonging the leases in accordance with IFRIC’s position and thus remain within the scope of IFRS 16.

Note 33 Other debt**33.1 Other debt – by operating segment**

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Due to employees	177	8	185	165	10	175
Social welfare bodies	137	4	140	145	5	149
Other loans, deposits, and guarantees received	4,843	3	4,846	4,309	4	4,313
Other creditors	1,458	56	1,515	1,079	50	1,129
Other debt	229	22	251	212	23	235
TOTAL	6,845	93	6,937	5,911	90	6,001

Note that the “Other loans, deposits, and guarantees received” item includes €4,742 million of in repo securities.

33.2 Other debt – by maturity

<i>(in millions of euros)</i>	31.12.2020				31.12.2019			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Due to employees	169		16	185	160		15	175
Social welfare bodies	140			140	149			149
Other loans, deposits, and guarantees received	4,798	12	36	4,846	4,265	12	36	4,313
Other creditors	1,515			1,515	979	150		1,129
Other debt	251			251	235			235
TOTAL	6,873	12	52	6,937	5,789	161	51	6,001

33.3 Other debt – by currency and rate

<i>(in millions of euros)</i>	31.12.2020			
	Currencies		Rate	
	Eurozone	Non Eurozone	Fixed rate	Variable rate
Due to employees	182	3	185	
Social welfare bodies	140		140	
Other loans, deposits, and guarantees received	4,846		4,824	22
Other creditors	1,487	28	1,515	
Other debt	251		251	
TOTAL	6,906	31	6,915	22

Note 34 Analysis of premium income

34.1 Analysis of insurance premium income – by major category

(in millions of euros)	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Individual retirement savings	2,025	415	2,440	1,797	442	2,239
Individual protection insurance	417	127	545	421	131	552
Individual health	398	62	460	401	64	464
Other	97		97	105		105
Individual life and health insurance	2,937	605	3,542	2,724	637	3,361
Group retirement savings	203	41	244	207	37	244
Group protection scheme	578	20	598	647	20	667
Group health	802	29	831	827	31	858
Other	317		318	268		268
Group life and health insurance	1,900	91	1,991	1,948	88	2,036
LIFE AND HEALTH INSURANCE	4,837	696	5,533	4,672	725	5,397
Motor	911	895	1,806	943	979	1,922
Other vehicles	42		42	43		43
Home insurance	566	205	771	648	206	855
Personal and professional property damage	316	13	330	337	14	351
Construction	95		95	91		91
Private and professional	1,930	1,113	3,044	2,062	1,199	3,261
Fleets	272	50	322	263	52	314
Business and local authorities casualty	268	195	463	254	197	452
Businesses and local authorities	540	245	785	517	249	766
Agricultural risks	230	56	286	230	52	282
Climate risks	193		193	171		171
Tractors and farming equipment	115		115	120		120
Agricultural business lines	538	56	594	521	52	573
Other business lines	411	69	480	422	66	488
PROPERTY AND CASUALTY INSURANCE	3,419	1,483	4,902	3,522	1,567	5,089
TOTAL	8,257	2,179	10,436	8,194	2,291	10,486

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34.2 Analysis of financial businesses contributing to premium income

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
Interest and related income		
Commissions (income)	191	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		
TOTAL	193	172

Revenue from financial businesses shown in the consolidated financial statements corresponds to banking income before taking into account refinancing costs.

34.3 Analysis of premium income – by business

<i>(in millions of euros)</i>	31.12.2020					31.12.2019				
	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	4,837	3,419	193	8,449	80%	4,672	3,522	172	8,366	79%
Southern Europe	488	1,083		1,571	15%	517	1,156		1,673	16%
CEEC	208	401		608	6%	208	410		618	6%
TOTAL	5,533	4,902	193	10,628	100%	5,397	5,089	172	10,657	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 35 Investment income net of management expenses

35.1 Investment income net of investment expenses – by operating segment

(in millions of euros)	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Interest on deposits and financial investments income	1,481	204	1,685	1,603	212	1,815
Gains on foreign exchange transactions	5	16	20	40	11	51
Income from differences on redemption prices as yet not received (premium/discount)	117	3	120	109	3	112
Income from property	79		79	86		86
Other investment income						
Investment income	1,681	223	1,904	1,837	227	2,064
Interest on deposits received from reinsurers	(2)		(2)			
Losses on foreign exchange transactions	(60)	(10)	(70)	(41)	(8)	(48)
Amortisation of differences in redemption prices (premium-discount)	(205)	(24)	(229)	(206)	(25)	(231)
Depreciation and reserves on property	(54)	(13)	(66)	(47)	(6)	(53)
Management expenses	(202)	(18)	(220)	(282)	(15)	(297)
Investment expenses	(523)	(64)	(588)	(575)	(55)	(630)
Held for trading	(43)	6	(38)	(35)	2	(32)
Available-for-sale	113	1	114	71	13	83
Held to maturity						
Other	165	1	165	550	1	551
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	234	7	241	586	16	602
Held for trading	39	2	42	(25)	26	1
Derivatives	81		81	(25)		(25)
Adjustments on unit-linked policies	281	(2)	279	1 424	46	1 470
Change in fair value of financial instruments recorded at fair value by income	402	1	402	1 373	72	1 445
Available-for-sale	(40)	(9)	(48)	(1)	(2)	(3)
Held to maturity						
Receivables and loans	(1)		(1)			
Change in impairment losses on financial instruments	(40)	(9)	(49)	(1)	(2)	(3)
TOTAL	1,753	157	1,910	3,220	258	3,478

35.2 Investment income net of management expenses (income breakdown by type of asset)

(in millions of euros)	31.12.2020					31.12.2019				
	Income and expenses	Proceeds of disposal*	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds of disposal*	Change in fair value	Change in reserves	Total
Property	21	165		(9)	178	31	551		2	584
Equities	25	76	(3)	(48)	50	91	44			135
Bonds	1,267	(10)	(18)		1,239	1,293	34	8		1,335
Equity mutual funds	97	26	(7)		115	136	11	(11)	(1)	134
Mutual funds: Cash from repurchase agreements		(16)			(17)		(13)	(3)		(16)
Other cash mutual funds	1	(7)			(7)		(7)	(1)		(8)
Bond mutual funds	47	(4)	52	(1)	95	40	(35)	56	(1)	59
Derivatives			81		81			(25)		(25)
Other investment income	159	11	20	(1)	188	188	15	(48)		155
Investment income	1,617	241	123	(58)	1,923	1,778	602	(24)	(1)	2,354
Internal and external management expenses and expenses on financial instruments	(222)				(222)	(292)				(292)
Other investment expenses	(71)				(71)	(54)				(54)
Investment expenses	(292)				(292)	(346)				(346)
Financial income net of expenses	1,325	241	123	(58)	1,630	1,432	602	(24)	(1)	2,008
Capital gains on securities representing unit-linked policies			1,769		1,769			1,562		1,562
Capital losses on securities representing unit-linked policies			(1,489)		(1,489)			(92)		(92)
Adjustments on unit-linked policies			279		279			1,470		1,470
TOTAL	1,325	241	402	(58)	1,910	1,432	602	1,445	(1)	3,478

* Net of write-back of impairment and amortisation.

35.2.1 Investment income net of management expenses
(income breakdown by type of asset) – France

(in millions of euros)	31.12.2020					31.12.2019				
	Income and expenses	Proceeds of disposal*	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds of disposal*	Change in fair value	Change in reserves	Total
Property	34	165		(9)	190	36	550		2	589
Equities	25	75	(3)	(39)	58	90	43			133
Bonds	1,114	(5)	(17)		1,091	1,130	35	7		1,172
Equity mutual funds	83	15	(18)		79	121	7	(37)		90
Mutual funds: Cash from repurchase agreements		(16)			(17)		(13)	(3)		(16)
Other cash mutual funds		(7)			(7)		(6)			(7)
Bond mutual funds	42	(4)	52		90	36	(35)	56	(1)	56
Derivatives			81		81			(25)		(25)
Other investment income	134	11	27	(1)	171	170	5	(48)		127
Investment income	1,431	234	121	(49)	1,736	1,582	586	(50)	1	2,119
Internal and external management expenses and expenses on financial instruments	(212)				(212)	(284)				(284)
Other investment expenses	(52)				(52)	(39)				(39)
Investment expenses	(264)				(264)	(322)				(322)
Financial income net of expenses	1,166	234	121	(49)	1,472	1,260	586	(50)	1	1,796
Capital gains on securities representing unit-linked policies			1,731		1,731			1,500		1,500
Capital losses on securities representing unit-linked policies			(1,450)		(1,450)			(76)		(76)
Adjustments on unit-linked policies			281		281			1,424		1,424
TOTAL	1,166	234	402	(49)	1,753	1,260	586	1,373	1	3,220

* Net of write-back of impairment and amortisation.

**35.2.2 Investment income net of management expenses
 (income breakdown by type of asset) – International**

<i>(in millions of euros)</i>	31.12.2020					31.12.2019				
	Income and expenses	Proceeds of disposal*	Change in fair value	Change in reserves	Total	Income and expenses	Proceeds of disposal*	Change in fair value	Change in reserves	Total
Property	(12)	1			(12)	(6)	1			(5)
Equities	1			(9)	(8)	1	1			2
Bonds	153	(5)	(1)		148	163				163
Equity mutual funds	14	11	11		37	15	5	26	(1)	44
Mutual funds: Cash from repurchase agreements										
Other cash mutual funds	1		(1)							(1)
Bond mutual funds	5				5	4			(1)	3
Derivatives										
Other investment income	24		(7)		17	18	10	(1)		27
Investment income	186	7	2	(9)	186	195	16	26	(2)	235
Internal and external management expenses and expenses on financial instruments	(10)				(10)	(8)				(8)
Other investment expenses	(19)				(19)	(15)				(15)
Investment expenses	(28)				(28)	(23)				(23)
Financial income net of expenses	158	7	2	(9)	158	172	16	26	(2)	212
Capital gains on securities representing unit-linked policies			38		38			62		62
Capital losses on securities representing unit-linked policies			(39)		(39)			(16)		(16)
Adjustments on unit-linked policies			(2)		(2)			46		46
TOTAL	158	7	1	(9)	157	172	16	72	(2)	258

* Net of write-back of impairment and amortisation.

Note 36 Insurance policy servicing expenses

36.1 Insurance policy servicing expenses – by operating segment

(in millions of euros)	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Claims						
Paid to policyholders	(7,323)	(1,595)	(8,917)	(7,114)	(1,746)	(8,861)
Change in technical reserves						
Outstanding claims reserves	(507)	21	(485)	(351)	(97)	(449)
Actuarial reserves	2,000	46	2,046	1,860	46	1,906
Unit-linked reserves	(894)	(1)	(896)	(1,819)	(91)	(1,910)
Profit sharing	(1,028)	(77)	(1,106)	(1,270)	(94)	(1,364)
Other technical reserves	(90)	(8)	(98)	119	(1)	118
TOTAL	(7,843)	(1,614)	(9,456)	(8,575)	(1,984)	(10,559)

36.2 Insurance policy servicing expenses – by business

36.2.1 Insurance policy servicing expenses by business – France

(in millions of euros)	31.12.2020			31.12.2019		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Claims						
Paid to policyholders	(2,171)	(5,152)	(7,323)	(2,007)	(5,107)	(7,114)
Change in technical reserves						
Outstanding claims reserves	(235)	(272)	(507)	(275)	(76)	(351)
Actuarial reserves		2,000	2,000		1,860	1,860
Unit-linked reserves		(894)	(894)		(1,819)	(1,819)
Profit sharing	(2)	(1,026)	(1,028)	4	(1,273)	(1,270)
Other technical reserves	17	(107)	(90)	81	38	119
TOTAL	(2,391)	(5,451)	(7,843)	(2,198)	(6,378)	(8,575)

36.2.2 Insurance policy servicing expenses by business – International

(in millions of euros)	31.12.2020			31.12.2019		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Claims						
Paid to policyholders	(1,013)	(581)	(1,595)	(1,145)	(602)	(1,746)
Change in technical reserves						
Outstanding claims reserves	34	(13)	21	(107)	10	(97)
Actuarial reserves		46	46		46	46
Unit-linked reserves		(1)	(1)		(91)	(91)
Profit sharing		(77)	(77)		(94)	(94)
Other technical reserves	(5)	(3)	(8)	(10)	10	(1)
TOTAL	(984)	(629)	(1,614)	(1,262)	(722)	(1,984)

Note 37 Outward reinsurance income (expenses)

37.1 Outward reinsurance income (expenses) – by operating segment

(in millions of euros)	31.12.2020						
	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	52	17	69	8		8	77
Claims charges	461	65	526	25	2	26	552
Change in technical reserves	(6)	10	4				4
Profit sharing		(1)	(1)				(1)
Change in the equalisation reserve							
Income from outward reinsurance	507	91	598	32	2	34	632
Outward premiums	(471)	(118)	(589)	(53)	(3)	(56)	(645)
Change in unearned premiums							
Expenses on outward reinsurance	(470)	(118)	(589)	(52)	(3)	(56)	(644)
TOTAL	37	(27)	9	(20)	(1)	(21)	(12)

<i>(in millions of euros)</i>	31.12.2019						Total
	France			International			
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	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)

Note 38 Operating expenses

38.1 Operating expenses – by operating segment

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
External expenses	(473)	(95)	(567)	(456)	(87)	(543)
Taxes other than income taxes	(114)	(39)	(154)	(114)	(35)	(149)
Personnel expenses	(717)	(148)	(865)	(714)	(151)	(864)
Commissions	(1,187)	(369)	(1,556)	(1,274)	(385)	(1,659)
Allocations to depreciation and provisions (net of write-backs)	(109)	(44)	(154)	(85)	(29)	(114)
Other expenses	(3)	(50)	(53)	(32)	(48)	(80)
TOTAL OPERATING EXPENSES BY NATURE	(2,603)	(745)	(3,348)	(2,674)	(736)	(3,410)

38.2 Operating expenses – by business

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	Insurance	Financial businesses	Total	Insurance	Financial businesses	Total
External expenses	(528)	(39)	(567)	(500)	(43)	(543)
Taxes other than income taxes	(146)	(7)	(154)	(143)	(6)	(149)
Personnel expenses	(799)	(66)	(865)	(801)	(63)	(864)
Commissions	(1,556)		(1,556)	(1,659)		(1,659)
Allocations to depreciation and provisions (net of write-backs)	(150)	(4)	(154)	(111)	(3)	(114)
Other expenses	(41)	(12)	(53)	(70)	(10)	(80)
TOTAL OPERATING EXPENSES BY NATURE	(3,220)	(127)	(3,348)	(3,285)	(125)	(3,410)

38.3 Breakdown of employee expenses

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
Salaries	(531)	(528)
Social security expenses	(190)	(183)
Post-employment benefits		
Defined contribution plans	(51)	(50)
Defined benefit plans	(7)	(6)
Anniversary days and employee awards	(2)	(2)
Other personnel benefits	(85)	(94)
ANNUAL SALARY EXPENSES	(865)	(864)

At 31 December 2020, the gross annual compensation (including benefits in kind) paid to members of the Groupama Assurances Mutuelles Management Committee was €7.8 million. As regards the pension plan, the total commitment at 31 December 2020 amounted to €31.1 million.

Note 39 Policy acquisition costs**39.1 Policy acquisition costs – by operating segment**

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Commissions	(664)	(325)	(989)	(701)	(332)	(1,033)
Change in deferred acquisition costs	1	3	4	1	1	3
Other expenses	(254)	(94)	(347)	(261)	(96)	(357)
TOTAL	(916)	(416)	(1,332)	(961)	(428)	(1,388)

39.2 Policy acquisition costs – by business**39.2.1 Policy acquisition costs by business – France**

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(429)	(235)	(664)	(450)	(251)	(701)
Change in deferred acquisition costs	2	(1)	1	1		1
Other expenses	(66)	(188)	(254)	(66)	(195)	(261)
TOTAL	(494)	(423)	(916)	(515)	(446)	(961)

39.2.2 Policy acquisition costs by business – International

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(250)	(75)	(325)	(256)	(77)	(332)
Change in deferred acquisition costs	3	(1)	3	3	(2)	1
Other expenses	(73)	(20)	(94)	(74)	(22)	(96)
TOTAL	(320)	(95)	(416)	(327)	(100)	(428)

Note 40 Administrative costs

40.1 Administrative costs – by operating segment

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Commissions	(250)	(13)	(263)	(303)	(17)	(320)
Other expenses	(207)	(110)	(317)	(204)	(116)	(320)
TOTAL	(457)	(123)	(580)	(507)	(134)	(640)

40.2 Administrative costs – by business

40.2.1 Administrative costs by business – France

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(171)	(78)	(250)	(175)	(128)	(303)
Other expenses	(95)	(112)	(207)	(85)	(119)	(204)
TOTAL	(266)	(190)	(457)	(260)	(247)	(507)

40.2.2 Administrative costs by business – International

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	Property and casualty insurance	Life and health insurance	Total	Property and casualty insurance	Life and health insurance	Total
Commissions	(9)	(5)	(13)	(12)	(5)	(17)
Other expenses	(77)	(33)	(110)	(81)	(35)	(116)
TOTAL	(86)	(37)	(123)	(93)	(41)	(134)

Note 41 Other income and expenses from current operations

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Commissions and other operating expenses, Life	(216)	(11)	(227)	(210)	(9)	(219)
Employee profit sharing, Life	(2)		(2)	(1)		(1)
Other operating income, Life	3	7	10	4	7	11
Transfer of operating expenses and capitalised production, Life	21		21	17		17
Total income and expenses from current operations, Life	(193)	(4)	(197)	(190)	(3)	(193)
Commissions and other underwriting expenses, Non-life	(326)	(93)	(419)	(301)	(89)	(389)
Employee profit sharing, Non-life	(1)		(1)	(2)		(2)
Other operating income, Non-life	173	4	177	156	3	160
Transfer of operating expenses and capitalised production, Non-life	19		19	17		17
Total income and expenses from current operations, Non-life	(136)	(89)	(225)	(129)	(85)	(214)
Other non-underwriting expenses	(210)	(51)	(261)	(219)	(28)	(248)
Other non-underwriting income	53	22	75	74	19	93
Total income and expenses from current operations, Non-operating	(158)	(29)	(187)	(145)	(10)	(155)
Total other income and expenses from current operations, Banking						
TOTAL	(487)	(122)	(609)	(464)	(98)	(562)

Note 42 Other income and expenses from non-current operations

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Income from non-current operations	156	19	174	58	2	60
Expenses from non-current operations	(171)	(17)	(188)	(207)	(23)	(229)
Allocation to the reserve for goodwill		(125)	(125)		(102)	(102)
TOTAL	(15)	(123)	(139)	(149)	(123)	(271)

This item includes, in particular, a reserve of €126 million for impairment of the goodwill of the Italian subsidiary.

Note 43 Financing expenses

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
Redeemable subordinated bonds	(69)	(93)
Financing expenses on lease liabilities	(6)	(5)
Other financing expenses		
TOTAL	(75)	(98)

The decrease in expenses on redeemable subordinated bonds follows the redemption in October 2019 of redeemable subordinated bonds issued in 2009 for a nominal amount of

€500 million at a fixed rate of 7.88% and the issue in September 2019 of 10-year subordinated bonds for a nominal amount of €500 million at a fixed rate of 2.125%.

Note 44 Breakdown of tax expenses

44.1 Breakdown of tax expenses – by operating segment

<i>(in millions of euros)</i>	31.12.2020			31.12.2019		
	France	International	Total	France	International	Total
Current taxes	47	(5)	42	(155)	(7)	(161)
Deferred taxes	(120)	6	(114)	(53)	43	(10)
TOTAL	(73)	1	(73)	(208)	37	(171)

The Group underwent a tax inspection 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 grounds for the tax adjustments are highly questionable and has prepared technical arguments for a litigation process.

44.2 Reconciliation between total accounting tax expense and theoretical tax expense calculations

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
THEORETICAL TAX EXPENSE	(35)	(89)
Impact of expenses or income defined as non-deductible or non-taxable	24	149
Impact of differences in tax rate	(60)	(229)
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	(73)	(171)

The reconciliation with the theoretical statutory tax is as follows:

(in millions of euros)	31.12.2020		31.12.2019	
	Consolidated income (losses) before tax	Theoretical tax rate	Consolidated income (losses) before tax	Theoretical tax rate
France	244	current taxes: 32.02% deferred tax: 28.41%	520	current taxes: 34.43% deferred tax: 32.02%
Bulgaria	2	10.00%		10.00%
China	(11)	25.00%	(4)	25.00%
Greece	9	24.00%	11	24.00%
Hungary	26	9.00%	26	9.00%
Italy	(158)	30.82%	(282)	30.82%
Romania	2	16.00%	(13)	16.00%
Tunisia	2	30.00%	3	30.00%
Turkey	7	22.00%	15	22.00%
TOTAL	123		276	

The theoretical tax rate applicable in France remains 32.02% on current taxes and becomes 28.41% on deferred taxes. It is emphasised that within France, deferred taxation has been

determined including the reduction in corporation tax rates to 25.82% by 2022.

Theoretical tax rates remained unchanged over the period.

Note 45 Related parties

1 General description

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 2020 consolidated earned premiums totalled €3,257 million, or 31.24% of total consolidated premium income for 2020.

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 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 Group's entities (*i.e.*, financial services designed for the Group entities) and that are competitive compared with 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's 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 profitability going forward;
- › owing to the community of interests between it and the regional mutuals because of reinsurance, Groupama Assurances Mutuelles either benefits or suffers from any progress or setback in the position of the regional mutuals in the non-life insurance market. It is therefore in its direct interest for the regional mutuals to have a competitive offering in other sectors of the market (life insurance, financial services, etc.) so it can be on an equal footing with the other general insurance companies active in the market or with bancassurance companies;
- › the investments made in those subsidiaries enable the subsidiaries of Groupama Assurances Mutuelles distributing the Gan brand to have a services offering as well; such is the case of retail banking, employee savings, insurance-related services, etc.

It should be noted that until October 2016, Groupama Assurances Mutuelles held 100% of the capital of Groupama Banque, whose retail banking offer was marketed by the regional mutuals. Since October 2016, Groupama Assurances Mutuelles holds only a minority stake in Groupama Banque, now Orange Bank. The regional mutuals continue to distribute the retail banking offering of this Groupama Assurances Mutuelles investment.

1.3 Security systems

(a) The Groupama brand

The Groupama brand is solely owned by Groupama Assurances Mutuelles, which grants user licences to its regional mutuals and subsidiaries. Groupama Assurances Mutuelles can therefore guarantee that the brand is properly managed and provide protection for one of the Group's critical assets.

(b) Agreement for a security and solidarity system

On 17 December 2003, Groupama Assurances Mutuelles and the regional mutuals signed an agreement, amended on multiple occasions, 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.

In connection with this, the agreement has three main components:

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

The new plan, established under Solvency 2, institutes a mutual guarantee between Groupama Insurance and the regional mutuals aiming to allow Groupama Assurances Mutuelles or the regional mutuals to respect their coverage ratio at all times and to cover any insufficiency of cover. It was clarified in 2020 that the financial solidarity mechanism could be triggered if the solvency ratio falls below a threshold of 100% without any transitional measure on Groupama Gan Vie's technical reserves.

The term of the agreement was set at 10 years in order to better meet the objectives of lasting links 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 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 in recent decades were prompted by 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;
- › professional third-party liability;
- › fire;
- › storm;
- › life and health insurance excluding health;
- › health.

Given their characteristics, the segments of the first group are subject to relatively similar reinsurance arrangements and to the allocation to each regional mutual fund of share in the profits calculated on all results ceded by it as a quota share for these segments.

OTHER SEGMENTS

These are risks that, given their significant specificities, are subject to highly differentiated reinsurance, mainly:

- › crops;
- › natural disasters;
- › construction;
- › long-term care;
- › forests;
- › assistance;
- › attacks (in the sense of the Gareat pool);
- › contamination.

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 and whose capacity 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 expressly 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 shareholders’ 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 contributions retained 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 2020

It should be noted that non-life premiums earned, policy servicing expenses, acquisition costs and administrative expenses include inward reinsurance, with respect to Groupama Assurances Mutuelles, from the regional mutuals under the Internal Reinsurance treaty.

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The amounts accepted for these different transactions break down as follows:

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
Non-life earned premiums	2,195	2,181
Insurance policy servicing expenses	(1,582)	(1,335)
Acquisition costs	(159)	(162)
Administrative costs	(159)	(162)

At 31 December 2020, the overall retrocession result was €10 million.

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
Expenses on inward retrocession	(132)	(118)
Income on inward retrocession	141	139

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 Reinsurance 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 non-life reinsurance earned premiums, generated by Groupama Assurances Mutuelles with the regional mutuals, totalled €2,195 million in 2020.

2.2 Groupama Gan Vie

The relations between Groupama Gan Vie and the regional mutuals are governed by an identical bilateral agreement for each of the regional mutuals, which was modified by an amendment in 2020 in order to convert it into a renewable agreement that can be modified by the parties each year.

The purpose of this agreement is the distribution and management by the regional mutuals of personal life insurance policies, endowment contracts, and group insurance policies from Groupama Gan Vie.

With regard to distribution, Groupama Gan Vie sets the marketing, subscription, and pricing rules for the products and develops the pre-contractual and contractual documents to be provided to policyholders, as well as the communication media 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, in particular with regard to the implementation of the duty to advise, the processing of health files, medical confidentiality, the processing of personal data, and the fight against money laundering.

Groupama Gan Vie is authorised to conduct on-site audits of documents and conditions under which the marketing and management functions are exercised.

In personal life insurance, the distribution and management of the regional mutuals are remunerated on the basis of three factors: for all products, a mark-up on premiums and, for certain products, a fee on the outstanding amount (savings and pension products), and a fee based on the regional policy income (protection insurance products) designed to involve the regional mutual in the quality of its management.

Groupama Gan Vie posted premium income under this personal life insurance agreement of €1,021.2 million in 2020. The fees earned by the regional mutuals amounted to €124.2 million.

In group insurance, the regional mutuals' distribution and management are compensated on the basis of several factors: mark-up on premiums, mark-up on outstanding amounts for certain products, fees based on regional net income on all death risks and fees on development agreements.

Groupama Gan Vie posted premium income under this Group insurance agreement of €44.3 million in 2020. The fees earned by the regional mutuals amounted to €9.5 million.

2.3 Orange Bank

The relations between Orange Bank, of which Groupama Assurances Mutuelles indirectly holds 24.14% of the capital at 31 December 2020, and the regional mutuals are governed by a distribution agreement, periodic compensation agreements, and IOBSP mandates.

(a) Distribution agreement

A distribution agreement was entered into between Groupama Assurances Mutuelles and Orange Bank, which each of the distributing entities of the Groupama group, including the regional mutuals, join individually.

This agreement defines the respective roles of the bank and the distributor relating to the marketing of Orange Bank's banking products. The distributor is licensed by Orange Bank to market its products within the framework of the financial intermediary mandate (IOBSP) setting out the delegated operations that the distributor is solely authorised to perform. Delegated operations are operations to present Orange Bank's banking products and to support customers who wish to subscribe to these products (for example, consumer credit), as Orange Bank has the sole capacity to accept requests to subscribe to its banking products.

By joining this agreement, each distributor undertakes a 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 distribution agreement was entered into for an initial term of 10 years. It may be renewed for three-year periods.

(b) A periodic compensation agreement

This agreement supplements the distribution agreement on the points needing periodic updating: annual production targets of each of the distributors, compensation, quality objectives, etc.

The distributors 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 €69.7 million in 2020. The fees earned by the regional mutuals amounted to €21.7 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 properties 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 the Group's 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 venture in charge of developing and implementing invoicing keys.

For projects, invoicing keys are reviewed by "Business Domain Committees".

Any proposed amendment issued by one of these committees is subject to approval by the Board of Directors of the EIG. Furthermore, a review of the invoicing keys is carried out with the management controllers of the EIG for validation of the distribution of the final invoice, and with the Tax Department to ensure compliance with the VAT regulations.

The auditors also ensure the expenses of the EIG undergo correct analytical allocation for billing.

Based on the provision above, €360.9 million excluding taxes were billed at 31 December 2020, €128.7 million of which to the regional mutuals.

2.5 Other agreements

The amount of premium income generated by the other agreements entered into between the subsidiaries of Groupama Assurances Mutuelles and the regional mutuals in the areas of assistance, legal protection, employee savings and asset management proved immaterial for Groupama Assurances Mutuelles.

3 Financing of large programmes

Groupama Assurances Mutuelles participates in the financing of major community programmes by paying subsidies to the regional mutuals designed as incentives for them to implement an overall policy in the general interest.

This system results from the Group's decentralised structure and from the role played in it by Groupama Assurances Mutuelles, which manages the Group and reinsures the regional mutuals.

3.1 Operational structure of a decentralised organisation

In a 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. Since 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 the 2020 fiscal year, the amount of financial support devoted to deploying the banking business thus came to a total of €3 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 2020, Groupama Assurances Mutuelles paid a subsidy amounting to €12.6 million net of corporate tax for mutual certificates issued in 2020 by 10 regional mutuals.

In 2019, for the first time, Groupama Assurances Mutuelles covered the costs resulting from the Amaline Assurances conversion project. In 2020, Groupama Assurances Mutuelles paid the regional mutuals a subsidy amounting to €3.7 million net of corporate taxes.

Lastly, Groupama Assurances Mutuelles helped fund donations made by the regional mutuals to help combat the Covid-19 pandemic to hospitals or research institutes or organisations such as the Institut Pasteur. Groupama Assurances Mutuelles paid the regional mutuals in mainly France a subsidy amounting to €0.2 million net of corporate taxes.

Overall, the final amount of the 2020 expenses of Groupama Assurances Mutuelles for the financial support of the regional mutuals was €19.5 million net of corporate taxes.

With regard to operations subject to the regulated agreements regime, funding of major national programmes is subject to review by the Audit and Risk Management Committee before being authorised by the Groupama Assurances Mutuelles Board of Directors.

Note 46 Employees of consolidated companies

This note is presented in section 1.5.2 of this universal registration document.

Note 47 Commitments given and received

<i>(in millions of euros)</i>	31.12.2020	31.12.2019
Endorsements, securities, and guarantees received	20	24
Other commitments received	582	282
Total commitments received, excluding reinsurance	602	306
Reinsurance commitments received	663	654
Endorsements, securities and guarantees given	4,554	1,038
Other commitments for securities, assets, or revenue	1,173	677
Other commitments given	1,941	879
Total commitments given excluding reinsurance	7,669	2,593
Reinsurance commitments given	476	4,178
Securities belonging to protection institutions		
Other securities held on behalf of third parties		

Other commitments received excluding reinsurance amounted to €582 million at 31 December 2020 and consisted mainly of securities received as collateral under the collateralisation mechanism set up to guarantee unrealised capital gains or losses on derivatives. They are booked as off-balance sheet commitments, resulting in commitments received in respect of bond loans in the accounts of €557 million.

Endorsements, securities and guarantees given totalled €4,554 million, consisting largely of the following transactions:

- › €22 million guarantee given in connection with the sale of Carole Nash;
- › €11 million guarantee given in connection with the sale of Groupama Seguros de Vida Portugal;
- › pledged securities worth €4,447 million for life insurance policies.

Other commitments on securities, assets or income consist of subscriptions to venture capital funds ("FCPR"). The remaining €1,173 million corresponds to the difference between the investment commitment of the subscribers and the total of calls for funds actually received.

Other commitments given amounted to €1,941 million. They mostly consist of the following elements:

- › securities given as collateral under the collateralisation mechanism put in place to guarantee unrealised capital gains or losses on derivatives are also recorded as off-balance-sheet

commitments, reflected in the financial statements as €549 million of commitments given in respect of hedging unrealised capital gains or losses on financial futures instruments;

- › provisional sales agreements of €21 million, mainly at the subsidiary SCI Gan Foncier;
- › commitments of €451 million relating to bond loans mainly in the subsidiary Groupama Gan Vie;
- › commitments made on order for property work for €824 million.

Commitments given in respect of reinsurance totalled €476 million and mainly comprised securities given as pledges under reinsurance treaties.

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

Groupama Assurances Mutuelles benefits from "trigger" clauses on the payment of interest on its three redeemable subordinated instrument (TSR) debt issues. It must therefore postpone the payment of interest in the event of a regulatory shortfall, particularly when the coverage ratios of MCR (minimum capital requirements) and SCR (solvency capital requirements) are less than 100%. Deferred interest will be interest arrears.

Note 48 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

Implementation of a consistent risk management system within the Group is ensured by:

- › definition of standards and a structuring framework for analysis and control of risks;
- › support from the entities in 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 process 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 various risk policies in line with the Group's policies and on the basis of their risk profile, organisation and operating country. 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 the Group's entities and incorporating the Solvency 2 risk classification. Each major (Group and entity) risk is assigned a risk "owner" responsible for monitoring and controlling the risk consistent with the standards defined by the Group. Risk owners set up risk control plans implemented within the Group's entities.

At Group level, risks related to insurance business lines are in particular monitored by the Groupama Assurances Mutuelles and Groupama Gan Vie Business Departments specialising in the area 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 Group-level risk monitoring governance:

- › the Group Risk Committee: composed of the members of the Group Executive Committee and the Manager of the key Risk Management function; its role is to approve the risk management policy, by setting the limits of risks and approving the measures used to manage risks, and to supervise the management of major Group risks;
- › the Risk Committees by risk family (insurance, financial and operational) organised by the Group Risk Management and Permanent Control/Compliance Departments and made up of major risk owners, and depending on the areas concerned of the representatives from the Groupama Assurances Mutuelles Business and Support Departments (Group Actuarial Department, Group Financial Control 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 2 Director, and the representative of the International Department in charge of monitoring international subsidiaries.

Similar mechanisms 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 Audit, Risk, Control, and Compliance Operational Implementation Committee (Comop ARCC) is run by the Risk Management, Control, and Compliance Department and the Group General Audit Department, with Group Legal Department involvement. It brings together the regional mutuals, the French insurance subsidiaries, and Groupama Supports & Services (G2S).

1.1 Regional mutuals

As autonomous legal entities, 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 its Senior 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 implementing Group standards.

All of the Risk Management and Permanent Control/Compliance Managers from regional mutuals are also part of this plan and meet regularly at information exchange and best practices forums (workgroups, theme-based workshops and training), run by the Group Risk Management, Control and Compliance Department; work relating to the implementation of Pillar 2 of Solvency II is also handled there.

Regional mutuals are reinsured under an exclusive reinsurance agreement 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 set out in the reinsurance policies of the Group and entities.

For risks related to the distribution of banking products and life insurance, the regional mutuals apply the risk management procedures defined by Orange Bank and Groupama Gan Vie, in conjunction with the Risk Management, Control and Compliance Department.

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 and support departments specialising in the area in question, as indicated above;
- › on-going monitoring by departments in 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 Support & Services,
 - Groupama Gan Vie's Senior Management for the life insurance subsidiary and the distribution subsidiaries Gan Patrimoine and Gan Prévoyance,
 - International Subsidiaries Department for foreign subsidiaries;

- › monitoring by each subsidiary or the Groupama Assurances Mutuelles G2S joint venture as part of the responsibility of its Directors and in accordance with Group standards. Following the example of the regional mutuals, the Group Risk Management, Control, and Compliance Department supports Groupama Assurances Mutuelles and its subsidiaries in monitoring and rolling out the internal control and risk management procedure. With regard more particularly to Groupama Gan Vie, the Regulatory and Environmental Management Committee addresses all the compliance issues of this subsidiary.

All of the Risk Management and Internal Control Managers of the French and international subsidiaries supplement the plan and meet regularly within the framework of information exchange and best practices bodies (workgroups, theme-based workshops, and training), led by the Group Risk Management, Control, and Compliance Department.

The Groupama Assurances Mutuelles Board of Directors, with the assistance of the audit and risk Management Committee, nearly half of whose members are Independent Directors, is responsible for the validation and monitoring of the risk management strategy, its implementation and future directions, the validation of risk policies, the review of the consistency of internal control work, and the monitoring of risks.

Lastly, the Board of Directors, particularly through the Groupama Assurances Mutuelles Audit and Risk Management Committee, is included in the Group's various tasks for the application of the Solvency II Directive, including work relating to ORSA particularly with the validation of stress scenario assumptions and the examination of the ORSA report for ratification by the Board of Directors.

1.3 Group

The Group General Audit Department conducts several types of audits, including a general economic and financial audit of the Group's entities, generally on a three-year basis and at the latest every five years, in addition to the operational audits conducted within the entities. For large entities, these audits may be conducted more frequently and cover smaller scopes. The Group General Audit Department also conducts on Groupama Assurances Mutuelles processes and on the Group's cross-functional processes, in which several entities may be involved, with the support of the entities' Internal Auditing Departments. Lastly, the Group General Audit Department conducts audits on behalf of some entities as part of the pooling of the Audit key function with Groupama Assurances Mutuelles. The audit schedule of the Group General Audit Department is defined by the Executive Management of Groupama Assurances Mutuelles and validated by the Groupama Assurances Mutuelles Audit and Risk Management Committee 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, and a mission report is prepared presenting the observations, findings, and recommendations to the Executive Management of the audited entities. A regular summary of the missions is provided to the Senior Management of Groupama Assurances Mutuelles, the Audit and Risk Management Committee, and the Group Executive Committee for cross-functional audits. A quarterly report on the progress of the recommendations is given to the Groupama Assurances Mutuelles Board of Directors and its Audit and Risk Committee.

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The Group Risk Management and Permanent Control/Compliance functions are responsible for ensuring that all the Group's entities comply with Executive Management's requirements in terms of the internal control and risk management system, as well as those of Solvency 2, Pillar 2.

As regards risk management, the Group Risk Department works more specifically in areas related to financial and insurance risks, and risks connected to the Group's solvency; the Operational Risk and Permanent Control Department works more particularly in areas related to the management of operational risks, and the key role in Groupama Assurances Mutuelles' compliance, *i.e.* the Group Compliance Manager, works in fields connected to non-compliance and image-related risks. Within this framework, these departments, according to their area of responsibility:

- › assist administrative and Executive Management bodies in defining:
 - the risk strategy,
 - the core components 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 businesses;
- › monitor and analyse the Group's general risk profile;
- › report on exposures to risk and alert the administration and Executive Management bodies in cases 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 Group's major insurance and financial risks;
- › 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;
- › the implementation of the PRP (Preventive Recovery Plan);
- › 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 base 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 internal control at the Groupama Assurances Mutuelles entity;
- › defining the business continuity policy (BCP) and implementing then overseeing the system within the entities;
- › overseeing data quality control systems;
- › validating the internal model;
- › supporting the Group's entities in adapting their operational risk management, permanent control and compliance systems (management, 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 role in verifying Groupama Assurances Mutuelles' compliance, *i.e.* the Group Compliance Manager:

- › develops the Group Compliance policy. The Compliance Manager is involved in drafting the Group remuneration policy, governance policy, and product surveillance policy, in conjunction with the relevant Groupama Assurances Mutuelles departments;
- › 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;
- › helping in drawing up replies to supervisory authorities, with the Group Legal Department and relevant departments and entities;
- › 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.

Defining the information systems security policy and its implementation by entities fall under the remit of Groupama Support and Services (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 entails business reviews of subsidiaries conducted by the Senior Management of Groupama Assurances Mutuelles with business reviews at least twice *per annum*. 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, combined banking & insurance operations, 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 in keeping with Group 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. Product design is the result of market and profitability research performed with actuarial systems to control margins in conjunction with the Group Actuarial Department and the Investment Department where appropriate. Product launches or changes occur following a standard process incorporating the approval of the deliverables for customers and salespeople by the Group’s Legal, Risk, and Compliance Departments, and are then adapted by division (regional mutuals, subsidiaries in France, International subsidiaries). Throughout the product governance procedure, metrics are built in to take target customers’ interests and characteristics into account.

The main steps of this process are ratified in the committees stipulated (Operating Committees, Insurance Risk Committee, Group Executive Committee).

In 2017, the product design process was comprehensively reviewed as part of the work done to apply the Insurance Distribution Directive which came into force in 2018. In fact, a product governance policy was produced and approved 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 reinsurance agreements by area of insurance.

Delegations of authority for underwriting and claims are defined in all of the Group’s companies. Risks are accepted or refused at every level of delegation, 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 business lines and the entities concerned. In addition, these specialist business lines 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 technical reserves to cover claims and its non-life 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 by teams dedicated to this task, both before and after the fact, in addition to the reviews that are conducted by the local supervisory authorities.

The rules for establishing reserves for claims and the funding tables for life and non-life incapacity & invalidity annuities are defined within the Insurance Divisions in guidelines that are harmonised for all of the Group’s entities. Reserves are valued by claims Managers within the operational entities and, if necessary, are supplemented by reserves for losses that have occurred but have not yet been reported.

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The calculation of technical reserves in life insurance is also based on the use of an interest rate known as the “underwriting interest rate”, the conditions of which are fixed in France by French Insurance Code. The Code 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 standards for calculating reserves as well as the principles of measuring and controlling related reserve risks are specified in the Group underwriting and reserving policies.

The breakdown of technical reserves for life and non-life insurance policies is presented in Note 25.1 to the annual financial statements.

BREAKDOWN OF ACTUARIAL RESERVES BASED ON FIXED-RATE, VARIABLE-RATE OR NO 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:

(in millions of euros)	31.12.2020			31.12.2019
	France	International	Total	Total
Commitments guaranteed at fixed rate	34,946	2,743	37,689	38,352
Commitments guaranteed at variable rate	7,763	18	7,781	7,622
Unit-linked and other products without rate commitment	11,161	990	12,151	11,730
TOTAL	53,870	3,751	57,621	57,703

The proportion of guaranteed-rate commitments continued to decrease slowly. The share of unit-linked and other products without rate commitment increased, representing 21.0% of total commitments (compared with 20.3% at the end of 2019).

2.2.4 Reinsurance

Reinsurance is organised on two levels. Internal Reinsurance operated by Groupama Assurances Mutuelles for all Group entities is designed to optimise retentions for each entity. 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 Department of Groupama Assurances Mutuelles and the Group Risk Department, which are based on ratings from ratings agencies, are designed to Manager reinsurers’ risk of default.

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 on reinsurers to any changes that might affect them and 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 insurance policies having 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, local authorities 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 range of life insurance products, aimed at consumers individually as individual policies and at business 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 a point value.

The Group also sells multi-vehicle policies with a euro-denominated investments component and one or more unit-linked components.

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 CONTRACTS**(a) Discretionary profit-sharing clause**

Certain life insurance, savings and retirement products offered by the Group contain a discretionary profit-sharing clause. This profit sharing must at least meet regulatory and/or contractual constraints. Commercial considerations may lead to an increase in such profit-sharing. This increase, the amount of which is left to the insurer's discretion, gives policyholders a share of the profits generated by insurance company's financial management and net underwriting income.

(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 the event of the policyholder's death.

2.3.1.3 MORTALITY AND LONGEVITY RISK

In life insurance, the payment of benefits is conditional 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. Income or Group's 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:

	31.12.2020			31.12.2019
	France	International	Total	Total
<i>(in millions of euros)</i>				
Actuarial reserves for life annuities	10,419	14	10,433	10,363
Actuarial reserves for non-life annuities	2,356	18	2,373	2,216
TOTAL	12,775	32	12,807	12,578

The share of actuarial reserves for life annuities continued to be largely predominant at the end of 2020 (> 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 risk overlap:

- › the risk of underwriting overlap whereby 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

Such 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:

- › verification of overlapping geographical risks at the time of underwriting for major risks (agricultural risks, agri-business risks, industrial risks, local authorities);
- › 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 (shares);
- › 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 investments. As such, during a period of low interest rates, the financial performance of the Group might be affected.

Conversely, in the event of an increase in rates, the Group may have to face a rush of redemptions for these policies, which would lead to the sale of a portion of the bond portfolio under unfavourable market conditions.

The consequences of changes in interest rates would also impact SCR/MCR hedging.

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.

(a) 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.

(b) INTERACTIONS WITH REDEMPTION RISK

Redemption behaviours are sensitive to changes in interest rates: an increase in 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/Liability 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.

(c) 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.

(d) RATE HEDGES**Risk of rate increase**

The purpose of the hedges that are implemented is to partially hedge the portfolios against the risk of interest rate increases. This is made possible by converting fixed-rate bonds into variable-rate bonds ("payer swaps"). The strategy consists of transforming a fixed-rate bond into a variable rate, either on a security already 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 2020 with a comparative period. This analysis applies to year-end balance-sheet postings that show accounting sensitivity to interest rate risk (underwriting non-life and life liabilities, bond investments, financial debt in the form of bonds). It is different to analyses applying to embedded-value prospective data.

The impacts on Group's equity and income are shown net of profit sharing and corporate tax.

3.1.3.1 TECHNICAL INSURANCE LIABILITIES SENSITIVITY ANALYSIS**(a) Non-life insurance**

Regarding non-life technical liabilities, risk mapping allows the sensitivity of portfolios showing interest rate changes to be analysed, *i.e.* portfolios of current annuities and temporary payments (individual life and health insurance premiums 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 2020, the amount of the discount in the actuarial reserves for non-life annuities, before reinsurance, was €293 million. The amount of the discount in the reserve for increasing risks on long-term care, gross of reinsurance, was approximately €48 million.

The result of the sensitivity to interest rates analyses shows that the Group is not particularly sensitive with regard to non-life commitments as a whole. The impact of a change of +/-100 basis points, calculated net of tax, is shown in the following table:

	31.12.2020		31.12.2019	
	Interest rate		Interest rate	
	+1%	-1%	+1%	-1%
(in millions of euros)				
Impact on income (net of taxes)	87	(117)	84	(111)
Equity impact (excluding income)				

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(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:

	31.12.2020		31.12.2019	
	Interest rate		Interest rate	
	+1%	-1%	+1%	-1%
<i>(in millions of euros)</i>				
Impact on income (net of taxes)	21	(25)	21	(28)
Equity impact (excluding income)				

3.1.3.2 FINANCIAL INVESTMENTS SENSITIVITY ANALYSIS

The following table shows the impacts on net income and on the revaluation reserve (posted under Group's equity) of a sensitivity analysis carried out in the event of a rise or fall in interest rates of 100 basis points (+/-1%).

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 2020, the profit-sharing rate used for entities holding life insurance commitments was in a range of 62.57% to 86.04%.

	31.12.2020		31.12.2019	
	Interest Rate Risk		Interest Rate Risk	
	+1%	-1%	+1%	-1%
<i>(in millions of euros)</i>				
Impact on the revaluation reserve	(910)	1,034	(745)	831
Equities				
Equity mutual funds				
Bonds	(890)	1,013	(733)	818
Fixed-income mutual funds	(20)	21	(12)	13
Derivative instruments and embedded derivatives				
Impact on net income	8	(7)	6	(6)
Equities				
Equity mutual funds				
Bonds	(3)	3	(3)	3
Fixed-income mutual funds	(11)	12	(11)	11
Derivative instruments and embedded derivatives	22	(22)	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 year 2014, the Group issued perpetual bonds consisting of perpetual subordinated instruments. The features of this bond issue

meet the criteria to allow it to be considered an equity instrument (see Note 21 – 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 (shares)

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 proportion of equity instruments out of total financial investments (including operating properties) was 5.9% by market value, not including exposure to options. Most equity instruments are classified as “available-for-sale assets”. Equity instruments include:

- › equities in French and foreign companies listed for trading on regulated markets. Exposure can also be produced 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 tactically manages its hedges and exposure according to market levels with a few one-off opportunities taken in March 2020 without significantly changing the Group’s exposure. The Group also continued its diversification policy by divesting from unlisted shares.

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 by each insurance entity and at the Group level. Any exceeding of limits is handled by the appropriate Risk Committees according to whether it occurred in an entity or at Group level.

3.2.3 Sensitivity of financial investments to equity risk analysis

The table below shows the impacts on net income and the revaluation reserve (classified under Group’s equity) of a sensitivity analysis carried out in the event of a 10% rise or fall 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 2020, the profit-sharing rate used for entities holding life insurance commitments was in a range of 62.57% to 86.04%.

(in millions of euros)	31.12.2020		31.12.2019	
	Equities risk		Equities risk	
	+10%	-10%	+10%	-10%
Impact on the revaluation reserve	91	(91)	76	(76)
Equities	52	(52)	42	(42)
Equity mutual funds	39	(39)	34	(34)
Bonds				
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	14	(14)	8	(8)
Equities	4	(4)		
Equity mutual funds	10	(10)	8	(8)
Bonds				
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				

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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, portfolios are mainly exposed to exchange risk involving the euro against the dollar, Hungarian forint, Romanian leu, Bulgarian lev, pound sterling and the Turkish lira.

Investments made by Groupama, within the context of its international subsidiaries, expose it to the net accounting position of entities with a functional currency other than the euro. At this point, this means the Turkish pound, Hungarian forint, Romanian leu, 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 now hedged mainly through currency swaps and forward 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 Exchange rate sensitivity analysis

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 a 10% rise or fall 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 2020, the profit-sharing rate used for entities holding life insurance commitments was in a range of 62.57% to 86.04%.

	31.12.2020		31.12.2019	
	Foreign exchange risk		Foreign exchange risk	
	+10%	-10%	+10%	-10%
<i>(in millions of euros)</i>				
Impact on the revaluation reserve	52	(52)	49	(49)
Equities	19	(19)	18	(18)
Equity mutual funds	1	(1)	1	(1)
Bonds	32	(32)	30	(30)
Fixed-income mutual funds				
Derivative instruments and embedded derivatives				
Impact on net income	1	(1)		
Equities				
Equity mutual funds				
Cash mutual funds	1	(1)		
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 breakdown of the Group bond portfolio by rating and by issuer quality is presented in Notes 6.8.3 and 6.8.4 to the annual financial statements.

The Group manages credit risk under certain 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 by each insurance entity and at the Group level. Any exceeding of limits is handled by the appropriate Risk Committees according to whether it occurred in an entity or at Group level.

3.4.1 Spread hedges

SPREAD WIDENING RISK

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 to offset the gain on the value of the bond hedged for the variation of its spread. However, given market conditions, this hedge was not renewed in 2020.

All over-the-counter transactions are secured by a "collateralisation" system with the Group's top-tier banking counterparties.

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 Property risk

3.5.1 Type of and exposure to property risk

Exposure to property markets allows companies to capture the yield on these markets (investment properties) and use the premises for operational purposes (operating properties) but also exposes them to two major types of risk:

- › the investment risk generated by property restructuring operations;
- › accounting reserving risk if the realisable value (sale price net of disposal fees or utility value) is less 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 2.15% by market value. Properties can be held directly or within OPCI (collective property investment schemes) or SCI (property holding companies) or leased when eligible under IFRS 16. Property assets can be split into:

- › investment properties, accounting for 1.42% of all financial investments;
- › operating properties, accounting for 0.74% of all financial investments.

3.5.2 Group risk management

The Group manages property assets under certain internal constraints, with a limit set on the maximum permitted exposure to property risk. These limits are set for each insurance entity and at Group level. Any exceeding of limits is handled by the appropriate Risk Committees according to whether it occurred in an entity or at Group level.

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 market risks sensitivity analyses

The following table shows all the sensitivity analyses for market risks for fiscal years 2020 and 2019, split between Group's equity and income, excluding profit sharing and taxes.

	31.12.2020				31.12.2019			
	Increase in sensitivity criteria		Decrease in sensitivity criteria		Increase in sensitivity criteria		Decrease in sensitivity criteria	
	Group's equity	Net income	Group's equity	Net income	Group's equity	Net income	Group's equity	Net income
<i>(in millions of euros)</i>								
Interest rate risk	(910)	116	1,034	(149)	(745)	111	831	(145)
Underwriting liabilities		108		(142)		105		(139)
Financial investments	(910)	8	1,034	(7)	(745)	6	831	(6)
Financing liabilities								
Equities risk	91	14	(91)	(14)	76	8	(76)	(8)
Financial investments	91	14	(91)	(14)	76	8	(76)	(8)
Foreign exchange risk	52	1	(52)	(1)	49		(49)	
Financial investments	52	1	(52)	(1)	49		(49)	

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The sensitivity criteria applied were the following:

- › increase or decrease of 100 basis points, for interest rate risk;
- › increase or decrease 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 2020, the liquidity risk was greatly reduced by the size of unrealised capital gains present in the portfolio.

4.3 Financial investment portfolio by maturity

The profile of the annual maturities of bond portfolios is given in Note 6.8.2 to the annual financial statements.

4.4 Liabilities relating to insurance policies and liabilities relating to financial contracts by maturity

The profile of annual maturities of the liabilities related to insurance policies is the following:

(in millions of euros)	31.12.2020				31.12.2019			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Non-life technical reserves	4,268	3,877	5,264	13,409	4,357	3,475	5,238	13,070
Life technical reserves - insurance policies excluding unit-linked items	2,406	5,994	25,605	34,005	1,100	5,830	27,098	34,028
Technical liabilities relating to financial contracts with discretionary profit sharing excluding unit-linked items	803	2,648	8,026	11,477	379	2,823	8,795	11,997
Technical liabilities relating to financial contracts without discretionary profit sharing excluding unit-linked items				1			1	1
Reserve for deferred profit-sharing liability	5,825		177	6,002	5,438	5	51	5,494
TOTAL TECHNICAL INSURANCE LIABILITIES AND LIABILITIES FOR FINANCIAL CONTRACTS	13,301	12,520	39,071	64,893	11,274	12,133	41,182	64,590

Most underwriting 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 insurance underwriting liabilities.

4.5 Financing liabilities by maturity

The principal features of financial debt, as well as its breakdown by maturity, are provided in Note 24 herein – Financial Debt.

5 Operational, 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 SA operational risk management policy (see point 1).

Groupama's operational risk management system is based on:

- › the definition of internal management rules and operational procedures defining the manner in which the activities of Groupama SA must be conducted. They are specific 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;
- › the definition and assessment of major Group operational risks and adaptation into major entity-level risks, which, as with insurance and financial risks, function on the basis of a network of risk owners with management and coordination of the entire system by the Group's Operational Risk and Permanent Control and Compliance Departments;
- › ensuring the security of information systems in the face of major IT systems failure risk and cyber risks;
- › the Group's business continuity policy; this policy serves as a baseline for crisis management systems and Business Continuity Plans (BCP) 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;
- › the information systems security policy and any related 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 covering the most significant risks are split among internal insurers and external insurers. The principal coverage is the following:

- › employee insurance;
- › third-party liability of corporate officers;
- › professional third-party liability;
- › general third-party liability;
- › property damage insurance (property, offices, equipment, motor fleets, etc.);
- › cyber risks and fraud.

5.2 Legal and regulatory risk

Legal and regulatory risks are managed as part of the Group compliance mechanism, which is defined in the Group compliance policy ratified by the Group's governance bodies.

The system put in place is based on two departments with separate scopes of involvement: Group Compliance and Group Legal.

A first level in support of operational teams and Directors, under the responsibility of the Group Legal Department, is responsible for:

- › monitoring and compliance with all regulations (public or private standards) whatever the regulatory area with the exception of labour law and corporate taxation;
- › legal securing of the Group's businesses (products, distribution, communication, and consumer protection), projects, and operations; and
- › advise and contributing to the optimisation of projects.

A second level, intended to provide independent insight to the Group's Directors and decision-makers, under the responsibility of the Group's Compliance Department, is responsible for:

- › establishing and validating the compliance system;
- › verifying conformity; and
- › assessing non-compliance risk; It covers the scope of customer protection, the fight against money laundering and the financing of terrorism, ethics and professional conduct, and conflicts of interest.

The aim of this system is 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 permanent control procedures designed to ensure the compliance of all Groupama Assurances Mutuelles' operations are based on the main mechanisms described below.

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5.2.1 Compliance and legal securing by the Group Legal Department

The compliance and legal securing carried out by the Group Legal Department covers the following tasks and are implemented directly or by the legal function within the Group:

- › provide regulatory monitoring for the Group at both national and European levels, assess the possible legal impact of regulatory developments (on the Group's strategy, activities, development, innovation, and assets), and contribute to the Public Affairs Department's lobbying actions;
- › ensure that the Group's businesses and operations comply with regulatory developments (including information and contribution to the training of employees, Group Directors, and networks);
- › secure and control the legal risks of the Group's businesses, service offerings, and products (design, subscription, management) and support the operational teams in the examination and the legal and tax securing of (i) their insurance products and other services, (ii) distribution and marketing of products, and (iii) communication;
- › secure and control the legal risks relating to the Group's contractual commitments (excluding insurance), relations with its service providers and partners, and outsourcing in particular;
- › secure and control the legal risks relating to intellectual property rights (portfolio of trademarks, designs/models, copyrights, and image rights);
- › manage the Group's compliance and secure the Group's data protection processes, projects, and businesses, as the Data Protection Department is attached to the Group's Legal Department;
- › ensure the legal securing of governance (mandates, delegations of authority, and decision-making and examination processes), the monitoring of the Group's entities, and the review of regulatory reports;
- › secure and optimise, from a legal perspective, partnership and alliance operations, restructuring operations, acquisitions, affiliations, financing, investments, and asset management;
- › control and manage the legal risks relating to litigation and pre-litigation cases (service providers, third parties, etc.) and our businesses, especially insurance (customer complaints, distribution networks, partners, etc.).

5.2.2 Closer look at two specific compliance mechanisms under the Legal Department's responsibility:

(a) APPLICATION OF INSURANCE LAW AND REGULATIONS GOVERNING THE INSURANCE BUSINESS, DISTRIBUTION OF PRODUCTS AND SERVICES, AND COMMUNICATION

The Group Legal Department, under the supervision of the General Secretary of Groupama Assurances Mutuelles provides, particularly on behalf of the Business Divisions of Groupama Assurances Mutuelles and insurance organisations (French insurance subsidiaries as well as the regional mutuals):

- › monitoring and analysis of legislation and case law and other standards FFA (French Insurance Federation) professional standards, ACPR (French Prudential Supervisory and Resolution Authority) recommendations, opinions issued by the French government's "defender of rights" and the CCLR (Banque de France's Advisory Committee on financial legislation and regulation) having an impact on the insurance business (marketing, consumer protection, communication, advertising, the development, subscription, execution and termination of insurance products, etc.);
- › the necessary anticipation and support to implement new regulations for insurance;
- › information (notes, circulars, working parties, dissemination of a quarterly bulletin of legal information related to customer protection);
- › ratification of new insurance policies developed by the business departments and other Group insurance subsidiaries, well as changes made to existing policies;
- › development and approval 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);
- › dealings with administrative authorities for inspections, and support during these inspections 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.).

(b) GROUP DATA PROTECTION SYSTEM

Regarding the application of the provisions of the French data protection law 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.

5.2.3 Closer look at mechanisms under Compliance's responsibility

Specific mechanisms have been set up to meet special requirements:

- › to prevent insider dealing, the internal bylaws governing the Groupama Assurances Mutuelles Board of Directors contain 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;

- › the Legal Department manages regulatory compliance and Group coordination as regards anti-money laundering and combating the financing of terrorism (AML/CFT). 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 policy 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 Managers in AML/CFT in insurance subsidiaries in France and Internationally, Asset Managers and the regional mutuals, ensure the Group is meeting its obligations in this respect;
- › 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 medical advisers and the Group Data Protection Officer (DPO), and the Claims unit of the Group Insurance and Services Department;
- › as regards the protection of customers, the key compliance role at Groupama Assurances Mutuelles helps with operational implementation of several issues, including:
 - ACPR instruction 2015-I-22 of 2 October 2015 on the questionnaire about commercial practices and protection of customers,
 - various ACPR recommendations,
 - monitoring of the major Group risk of “failure to advise”,
 - application of the Insurance Distribution Directive, which also includes product governance, the prevention and management of conflicts of interest, compensation of distribution networks, and professionalism and CPD,
 - the ongoing enhancement of the permanent control system,
 - monitoring and implementation of action plans to improve marketing measures (OAV);
- › as regards combating corruption and trading in influence (or influence peddling) (as per France’s Sapin 2 law) the key function of Compliance Manager at Groupama Assurances Mutuelles leads 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 Tax Department is to provide information, monitor regulations, and advise and assist in the event of tax audits and disputes for all of the Group’s entities and with regard to the “corporate taxation” component. It is regularly approached 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 French 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.

In addition, the Group Tax Department coordinates, in a Steering Committee, the implementation and monitoring of regulations on the automated exchange of tax data, in particular resulting from the American FATCA (Foreign Account Tax Compliance Act) regulations and the transposition of the European DAC (Directive for Administrative Cooperation). Lastly, as regards transfer pricing, it performs an annual update of the Master File meeting the new French requirements under the OECD standards and sends its English version to all international subsidiaries.

The Group’s tax situation in France is also marked by the tax partnership between Groupama and DGFIP, since the signing of an agreement on 26 June 2019 with the SPE (Service Partenaire des Entreprises), which constituted a major step in the evolution of the Group’s tax management and is now an essential component of its tax policy.

With regard to tax news in France, note the continued downtrend of the corporate tax rate, with the confirmation of the target of 25% in 2022, the entry into force of the VAT group regime on 1 January 2023, which is intended to replace the current system of groupings of resources deployed at the Community level, and the reduction of the CVAE rate by half.

Nevertheless, these factors favourable for corporate taxation should be qualified in view of the implementation of an exceptional “Covid-19” contribution from health insurers equal to 2.6% in 2020 and 1.3% in 2021 of the amount of premiums. This new taxation targeted at insurers illustrates the risk of the Tax Legislation adopting measures unfavourable to insurers in the management of the budgetary consequences of the current health and economic crisis.

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.

Note 49 Fees of the statutory auditors

(in thousands of euros excluding VAT)	2020							2019						
	PWC		Mazars		Other		Total	PWC		Mazars		Other		Total
1. Statutory audit assignments														
1.1. Statutory auditing, certification, review of individual and consolidated financial statements	2,179	54.9%	1,700	42.8%	93	2.3%	3,973	2,189	53.1%	1,828	44.4%	103	2.5%	4,119
Groupama Assurances Mutuelles	530	50.0%	530	50.0%	0	0.0%	1,061	527	50.0%	527	50.0%	0	0.0%	1,053
French subsidiaries	1,194	54.9%	902	41.5%	79	3.6%	2,174	1,186	55.0%	891	41.4%	78	3.6%	2,155
International subsidiaries	455	61.7%	268	36.3%	15	2.0%	738	477	52.3%	410	44.9%	25	2.8%	911
1.2. Other due diligence measures and services directly related to the statutory auditing assignment								21	67.6%	10	32.4%	0	0.0%	31
Groupama Assurances Mutuelles								10	50.0%	10	50.0%	0	0.0%	20
Other subsidiaries								11	100.0%	0	0.0%	0	0.0%	11
Subtotal Statutory audits	2,179	54.9%	1,700	42.8%	93	2.3%	3,973	2,210	53.2%	1,838	44.3%	103	2.5%	4,150
2. Services other than audit of financial statements that the entity's statutory auditors are required to provide	491	83.2%	95	16.1%	4	0.7%	590	622	83.7%	113	15.2%	8	1.1%	743
3. Services other than audit of financial statements that other service providers can provide	351	56.3%	272	43.7%	0	0.0%	623	247	36.1%	437	63.9%	0	0.0%	683
TOTAL CONSOLIDATED FINANCIAL STATEMENTS	3,021	58.3%	2,067	39.9%	97	1.9%	5,185	3,078	55.2%	2,387	42.8%	111	2.0%	5,577

Note 50 List of entities in the scope of consolidation and major changes to the scope of consolidation

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

› Additions to the scope:

- Groupama Private Equity Invest and Groupama Infrastructure Invest are included in the scope,
- 5 mutual funds are included in the scope.

› Mergers and takeovers:

- Groupama Jivotozastrahovane Life took over Express Life in 2020.

› Removals from the scope:

- La Banque Postale Assurances IARD was removed from the scope following the sale of our stake in La Banque Postale,
- the property company Chamalières Europe (SCI) was removed from the scope.
- 8 mutual funds were removed from the scope.

› Change in consolidation method:

- the Groupama Monétaire IC C mutual fund is consolidated according to the equity method (fully consolidated in 2019).

Registered name	Business sector	Location of headquarters	31.12.2020			31.12.2019		
			% control	% interest	Method	% control	% interest	Method
GROUPAMA ASSURANCES MUTUELLES	Holding company/ Reinsurance	France	100.00	100.00	Parent company	100.00	100.00	Parent company
GIE GROUPAMA Supports et Services	JV	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 company business	France	100.00	100.00	FC	100.00	100.00	FC
COFINTEX 2	Holding company business	France	100.00	100.00	FC	100.00	100.00	FC
COFINTEX 17	Holding company business	France	100.00	100.00	FC	100.00	100.00	FC
COMPAGNIE FINANCIÈRE D'ORANGE BANK	Holding company business	France	24.14	24.14	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'EPARGNE	Insurance	France	99.99	99.99	FC	99.99	99.99	FC
CAISSE FRATERNELLE VIE	Insurance	France	99.99	99.99	FC	99.99	99.99	FC
ASSUVIE	Insurance	France	50.00	50.00	FC	50.00	50.00	FC
GAN PREVOYANCE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSURANCE CREDIT ET CAUTION	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
MUTUAIDE ASSISTANCE	Assistance	France	100.00	100.00	FC	100.00	100.00	FC
GAN ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN OUTRE MER	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
SOCIÉTÉ FRANÇAISE DE PROTECTION JURIDIQUE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
LA BANQUE POSTALE ASSURANCES IARD	Insurance	France				35.00	35.00	EM
AMALINE ASSURANCES	Brokerage	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	100.00	FC	100.00	99.79	FC

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Registered name	Business sector	Location of headquarters	31.12.2020			31.12.2019		
			% control	% interest	Method	% control	% interest	Method
GROUPAMA Investment BOSPHORUS	Holding company business	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
GROUPAMA BIZTOSITO	Insurance	Hungary	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PHOENIX Hellenic Asphaltistike	Insurance	Greece	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA AVIC PROPERTY INSURANCES CO	Insurance	China	50.00	50.00	EM	50.00	50.00	EM
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASIGURĂRI	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	24.14	24.14	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	100.00	100.00	FC
COMPAGNIE FONCIÈRE PARISIENNE	Property	France	95.39	95.39	FC	95.39	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	100.00	100.00	FC
SOCIETE 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 RETAIL FRANCE	OPPCI (professional property investor)	France	100.00	99.84	FC	100.00	99.67	FC
THE LINK PARIS LA DEFENSE	Property	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA GAN LOGISTICS	OPPCI (professional property investor)	France	74.06	74.06	FC	100.00	100.00	FC
SCI GAN FONCIER	Property	France	100.00	98.87	FC	100.00	98.89	FC
VICTOR HUGO VILLIERS	Property	France	100.00	98.87	FC	100.00	98.89	FC
1 BIS FOCH	Property	France	100.00	98.87	FC	100.00	98.89	FC
16 MESSINE	Property	France	100.00	98.87	FC	100.00	98.89	FC
9 MALESHERBES	Property	France	100.00	98.87	FC	100.00	98.89	FC
97 VICTOR HUGO	Property	France	100.00	98.87	FC	100.00	98.89	FC
44 THEATRE	Property	France	100.00	98.87	FC	100.00	98.89	FC

Registered name	Business sector	Location of headquarters	31.12.2020			31.12.2019		
			% control	% interest	Method	% control	% interest	Method
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	Other	France	90.84	90.84	FC	100.00	100.00	FC
GROUPAMA PRIVATE EQUITY INVEST	Other	France	95.75	95.21	FC			
GROUPAMA INFRASTRUCTURE INVEST	Other	France	94.40	94.40	FC			
GAN INVESTISSEMENT FONCIER	Property	France	100.00	100.00	FC	100.00	100.00	FC
3 ROSSINI (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
150 RENNES (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
99 MALESHERBES (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
SCA CHATEAU D'AGASSAC	Property	France	25.00	25.00	EM	25.00	25.00	EM
102 MALESHERBES (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
LES FRÈRES LUMIÈRE	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
CHAMALIÈRES EUROPE (SCI)	Property	France				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
GROUPAMA CONVERTIBLES ID D	Mutual fund	France	79.75	77.77	FC	83.04	80.98	FC
GROUPAMA ENTREPRISES IC C	Mutual fund	France	25.29	25.10	EM	33.61	33.61	EM
GROUPAMA CREDIT EURO – IC	Mutual fund	France	79.65	79.65	FC			
GROUPAMA CREDIT EURO ID D	Mutual fund	France	99.99	99.99	FC	99.97	99.97	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual fund	France				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
GROUPAMA OBLIGATION MONDE G C	Mutual fund	France	94.61	91.69	FC	94.57	91.65	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual fund	France				100.00	100.00	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual fund	France				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

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Registered name	Business sector	Location of headquarters	31.12.2020			31.12.2019		
			% control	% interest	Method	% control	% interest	Method
ASTORG STRUCTURÉ LIFE D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA MONETAIRE IC C	Mutual fund	France	33.13	33.06	EM	54.72	54.72	FC
ASTORG PENSION D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG CASH MT D	Mutual fund	France	99.36	99.36	FC	97.61	97.22	FC
GROUPAMA ETAT EURO – O	Mutual fund	France	28.13	28.13	EM			
GROUPAMA CREDIT EURO LT G D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 1 D	Mutual fund	France				100.00	100.00	FC
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 STRUCTURÉ	Mutual fund	France	100.00	100.00	FC			
ASTORG TUNNEL SP	Mutual fund	France	100.00	100.00	FC			
ASTORG MONETAIRE D	Mutual fund	France	100.00	100.00	FC	73.73	73.73	FC
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
ASTORG OBLIGATIONS CT G D	Mutual fund	France	90.44	87.06	FC	99.91	96.06	FC
ASTORG OBLIGATIONS CT GA D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ALLOCATION INVEST EQUITY CORE	Mutual fund	France	100.00	100.00	FC			
G FUND – EUROPEAN CONVERTIBLE BONDS GD D	Mutual fund	France	75.05	75.05	FC	75.00	75.05	FC

FC: full integration.

EM: equity method.

Certain real estate entities are consolidated using the equity method under a “simplified” process. This consists in reclassifying in the balance sheet the value of the units and the financing current

account in the line item “property investments” and reclassifying in the income statement the dividends or share in the results of the companies on the “Income from property” line item.

7.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

(Fiscal year ended 31 December 2020)

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 2020 as attached to this report.

In our opinion, the consolidated financial statements give a true and fair view of the results of operations for the past fiscal year as well as the financial position and assets of the Group at the end of the fiscal year, in accordance with International Financial Reporting Standards as adopted by the European Union.

The above opinion is consistent with the content of our report to the Audit and Risk Management Committee.

BASIS OF THE OPINION

Audit reference standard

We conducted our audit in accordance with the professional standards applicable in France. We believe that the information we collected and on which we founded our opinion was sufficient and appropriate.

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 provided for in the French Commercial Code and in the professional Code of ethics for statutory auditors over the period from 1 January 2020 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.

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JUSTIFICATION OF OUR ASSESSMENTS - KEY POINTS OF THE AUDIT

The global crisis due to the Covid-19 pandemic has created special conditions for the preparation and audit of the accounts for this fiscal year. This crisis and the exceptional measures taken in connection with this health emergency have multiple consequences for companies, particularly on their activity and financing, as well as increased uncertainty about their future prospects. Some of these measures, such as travel restrictions and teleworking, have also had an impact on the internal organisation of companies and the way audits are conducted.

It is in this complex and evolving context that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements for the fiscal year, as well as our responses to these risks.

These assessments contributed to the audit of the consolidated financial statements, taken as a whole, and to the formation of our opinion expressed above. We do not express an opinion on items in these consolidated financial statements viewed in isolation.

Assessment of outstanding claims reserve – Non-life insurance policies (Please refer to Notes 3.12.2 and 25.1 of the Notes to the consolidated financial statements)

Identified risk	Implemented procedures
<p>Reserves for claims, appearing on the balance sheet at 31 December 2020 for €9,199 million in the consolidated financial statements, represent one of the greatest liabilities.</p> <p>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).</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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:</p> <ul style="list-style-type: none"> › gain an understanding of the design and test the effectiveness of the key controls for managing claims and determining these reserves, › assess the relevance of the calculation methods used to estimate the reserves, › assess the suitability 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 6.9 to the consolidated financial statements)

Identified risk	Implemented procedures
<p>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.</p> <p>These financial instruments represent €2,743 million on the assets side of the Group's consolidated balance sheet at 31 December 2020.</p> <p>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.</p> <p>The resulting valuations may be subject to additional value adjustments to take account of certain market, liquidity, or counterparty risks.</p> <p>The techniques used by management to value these instruments include a significant amount of judgement in the choice of methodologies, assumptions, and data used.</p> <p>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.</p>	<p>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:</p> <ul style="list-style-type: none"> › 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: <ul style="list-style-type: none"> ▪ analysis of the relevance of the assumptions and parameters used, ▪ critical 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.

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

OTHER VERIFICATIONS OR INFORMATION REQUIRED BY LAWS AND REGULATIONS

Format for the presentation of consolidated financial statements to be included in the annual financial report

In accordance with Article 222-3 III of the AMF General Regulation, your company's management informed us of its decision to postpone the application of the single electronic reporting format as defined by Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 to fiscal years beginning on or after 1 January 2021. Consequently, this report does not contain any conclusion on compliance with this format in the presentation of the consolidated financial statements to be included in the annual financial report referred to in Article L.451-1-2 (I) of the French monetary and financial Code.

Appointment of the statutory auditors

We were appointed statutory auditors of Caisse Nationale de Réassurance Mutuelle Agricole Groupama by your General Meeting of 25 June 1999 for PricewaterhouseCoopers Audit and of 12 September 2020 for Mazars.

At 31 December 2020, PricewaterhouseCoopers Audit was in the 22nd year of its mission without interruption, and Mazars was in its 21st 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.

FINANCIAL STATEMENTS

Statutory auditors' report on the consolidated financial statements

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 considered to be the most significant 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, 2 April 2021

The statutory auditors

PricewaterhouseCoopers Audit

Christine Billy

Mazars

Nicolas Dusson Jean-Claude Pauly

7.3 ANNUAL FINANCIAL STATEMENTS AND NOTES

7.3.1 BALANCE SHEET

Assets

<i>(in thousands of euros)</i>		Net amount 31.12.2020	Net amount 31.12.2019
Intangible assets	Note 4	19,093	11,554
Investments:		12,265,640	12,737,413
Land and buildings	Note 5.1	432,470	430,165
Investments in related companies and companies with equity-linked interest	Note 5.2	10,008,852	9,752,577
Other investments	Note 5.3	1,824,318	2,554,670
Receivables for cash deposits with ceding companies			
Share of outward reinsurers and retrocessionaires in technical reserves:	Note 6	1,354,366	1,152,174
Reserves for unearned premiums		7,638	7,424
Reserves for claims (Non-Life)		1,122,818	934,939
Reserves for profit sharing and rebates (Non-Life)			
Equalisation reserves		6,222	5,673
Other technical reserves (Non-Life)		217,689	204,139
Receivables:	Note 7	772,039	693,041
Receivables relating to direct insurance operations		800	4,770
Receivables relating to reinsurance transactions		453,510	401,497
Other receivables		317,729	286,775
Other assets:		19,158	26,473
Tangible operating assets		470	490
Cash and equivalents		18,689	25,983
Accruals – Assets	Note 8	97,603	192,149
Unrealised foreign exchange adjustments			
TOTAL ASSETS		14,527,900	14,812,805

Liabilities

<i>(in thousands of euros)</i>		Net amount 31.12.2020	Net amount 31.12.2019
Shareholders' equity:	Note 9	3,832,749	3,701,838
Initial capital		3,617,879	3,617,879
Share capital			
Conversion difference		0	(353,043)
Additional paid-in capital			
Other reserves			
Balance brought forward		69,957	111,300
Net income for fiscal year		144,913	325,702
Subordinated liabilities	Note 10	2,732,117	2,729,538
Gross technical reserves:	Note 11	6,808,927	6,358,990
Reserves for unearned premiums		386,269	359,982
Reserves for claims (Non-Life)		5,091,564	4,719,413
Reserves for profit sharing and rebates (Non-Life)		1,778	244
Equalisation reserves		160,560	139,609
Other technical reserves (Non-Life)		1,168,756	1,139,742
Reserves (other than underwriting)	Note 12	91,964	65,949
Debt for cash deposits received from transferees and retrocessionaires representing technical commitments		141,593	148,426
Other liabilities:	Note 13	906,799	1,796,678
Debts arising from direct insurance operations		2,915	3,094
Debts relating to reinsurance transactions		347,310	208,180
Bonds (including convertible bonds)		135,971	595,651
Debt to credit institutions		0	0
Other debt		420,603	989,753
Accruals – Liabilities	Note 14	13,752	11,386
Unrealised foreign exchange adjustments			0
TOTAL LIABILITIES		14,527,900	14,812,805

7.3.2 OPERATING INCOME STATEMENT

<i>(in thousands of euros)</i>	Gross transactions	Cessions and retrocessions	2020 net transactions	2019 net transactions
Earned premiums	2,767,029	591,957	2,175,072	2,294,903
Premiums	2,793,480	592,171	2,201,309	2,310,456
Change in unearned premiums	(26,451)	(214)	(26,237)	(15,552)
Income from allocated investments	158,936	0	158,936	279,442
Other underwriting income				
Claims charges	(2,165,764)	(502,882)	(1,662,882)	(1,675,544)
Benefits and expenses paid	(1,789,070)	(314,500)	(1,474,570)	(1,350,455)
Charges from reserves for claims	(376,694)	(188,382)	(188,313)	(325,089)
Charges from other technical reserves	(29,186)	(13,550)	(15,636)	(10,903)
Profit sharing	(1,364)	0	(1,364)	0
Acquisition and administrative costs	(565,590)	(67,280)	(498,311)	(517,720)
Acquisition costs	(337,987)	(11)	(337,975)	(351,717)
Administrative costs	(227,604)	0	(227,604)	(227,978)
Commissions received from reinsurers	0	(67,268)	67,268	61,974
Other underwriting expenses	(188,323)	0	(188,323)	(192,081)
Change in the equalisation reserve	(20,951)	(550)	(20,402)	(15,497)
UNDERWRITING INCOME FROM NON-LIFE INSURANCE	(45,213)	7,697	(52,910)	162,601

7.3.3 NON-OPERATING INCOME STATEMENT

<i>(in thousands of euros)</i>		2020 net transactions	2019 net transactions
Underwriting income from Non-Life insurance		(52,910)	162,601
Investment income	Note 18	506,091	941,741
Investment income		514,797	863,525
Other investment income		(12,422)	65,157
Profits on the sale of investments		3,716	13,059
Investment expenses	Note 18	(229,885)	(452,096)
Internal and external investment management costs		(143,296)	(232,016)
Other investment expenses		(76,024)	(211,627)
Losses on the sale of investments		(10,565)	(8,453)
Transferred investment proceeds		(158,936)	(279,442)
Other non-technical income and expenses	Note 19	(17,816)	(18,153)
Other non-underwriting income		291	106
Other non-underwriting expenses		(18,107)	(18,258)
Extraordinary result	Note 20	(17,014)	(21,305)
Extraordinary income		82,086	39,789
Extraordinary expenses		(99,100)	(61,094)
Employee profit sharing		0	0
Income tax	Note 21	115,384	(7,645)
NET INCOME FOR FISCAL YEAR		144,913	325,702

7.3.4 COMMITMENTS RECEIVED AND GIVEN

<i>(in thousands of euros)</i>	31.12.2020	31.12.2019
1. Commitments received	2,131	2,131
from related companies	1,931	1,931
from equity-linked companies		
from other companies	200	200
2. Commitments given:		
2a. Securities, deposits and guarantees given	40,219	197,989
to related companies	11,687	12,073
to equity-linked companies	1,856	1,919
to other companies	26,676	183,997
2b. Stock and assets acquired through sale commitment		
to related companies		
to equity-linked companies		
to other companies		
2c. Other commitments for securities, assets or revenue	68,698	18,857
to related companies	27,669	7,669
to equity-linked companies		
to other companies	41,029	11,188
2d. Drawing rights given to a guarantee fund		
to related companies		
to equity-linked companies		
to other companies		
2e. Other commitments given	1,943	2,085
to related companies	1,887	1,852
to equity-linked companies		
to other companies	56	233
3. Mutual commitments		
3a. Securities received as pledges for outward reinsurers and retrocessionnaires	406,912	388,812
from related companies	22,882	20,019
from equity-linked companies		
from other companies	384,029	368,793
3b. Securities received from companies that have traded in substitution		-
3c. Other mutual commitments	375,026	363,870
from related companies	155,715	110,093
from equity-linked companies	146,879	184,380
from other companies	72,432	69,397
4. Other securities held on behalf of third parties		
5. Outstanding financial futures		
5a. Breakdown of outstanding financial futures by strategy category:	113,662	467,340
Investment or disinvestment strategies		
Yield strategies	113,662	467,340
Other transactions		
5b. Breakdown of outstanding financial futures by market category:	113,662	467,340
Transactions on an OTC market	113,662	467,340
Transactions on regulated or equivalent markets		
5c. Breakdown of outstanding financial futures by type of market risk and instruments, in particular:	113,662	467,340
Interest rate risk		
Foreign exchange risk		
Equity risk	113,662	467,340

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<i>(in thousands of euros)</i>	31.12.2020	31.12.2019
5d. Breakdown of outstanding financial futures by instrument type, in particular:	113,662	467,340
Swaps	113,662	467,340
Interest rate guarantee agreements		
Futures		
Options		
5e. Breakdown of outstanding financial futures by residual duration of strategies according to the ranges:	113,662	467,340
0-1 year		
From 1 to 5 years	113,662	467,340
5+ years		
Total commitments received	522,705	858,283
Total commitments given	599,547	1,050,140

7.3.5 RESULTS OF THE PAST FIVE FISCAL YEARS

<i>(in euros)</i>	Fiscal year 2016	Fiscal year 2017	Fiscal year 2018	Fiscal year 2019	Fiscal year 2020
I. Ending financial position					
a) Share capital or initial capital	2,088,305,152	2,088,305,152	3,617,878,996	3,617,878,997	3,617,878,997
b) Share capital: Number of shares	407,474,176	407,474,176	411,824,587	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	2,282,012,505	2,707,975,302	2,743,675,632	2,849,716,609	2,767,029,037
b) Income before tax, amortisation, depreciation, and reserves	(200,306,096)	284,751,941	8,109,823	472,376,564	149,914,777
c) Corporate income tax	(126,165,109)	(107,341,116)	(97,411,229)	7,644,771	(115,383,714)
d) Employee profit-sharing due for the financial period					
e) Income after tax, profit-sharing profit sharing, amortisation and reserves	(358,447,095)	518,862,511	165,302,131	325,701,859	144,912,957
f) Distributed income		13,854,122			
III. Personnel					
a) Number of employees	1,257	1,265	1,233	1,277	1,288
b) Amount of payroll costs	96,343,404	104,061,241	102,887,430	111,613,842	110,878,542
c) Amount paid for benefits	51,441,424	54,708,706	56,523,105	58,717,870	65,783,131

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

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1 Significant events of the year

1.1 Covid

The Covid pandemic began to wreak havoc on 2020 in March with major impacts on the economy, individuals and entities, and markets. For the insurance sector, the consequences of this crisis were also significant, increasing the level of judgement required to assess certain balance sheet items.

The impact of Covid on Groupama Assurances Mutuelles, the Group's main reinsurer, has not been exactly the same in France (where the portfolio is highly diversified) as internationally, where business (mainly non-life) in most countries is relatively focused on motor insurance. In addition, the international situation is not comparable between certain heavily affected countries, such as Italy, or other less-affected countries, such as (Eastern European countries, Turkey, and China).

In reaction to the economic effects of this pandemic, Groupama Assurances Mutuelles played its role as reinsurer through several actions:

- › premium-reduction measures Group, amounts to, in particular for agricultural professions (two-month premium reduction on tractors), craftsmen, retailers, and service professionals (ACPS), and health professionals for an overall amount for the Group of €109 million, including €29 million borne by Groupama Assurances Mutuelles, the Group's reinsurer;
- › contribution to government expenditure relating to the management of the Covid pandemic for €91 million for the Group, including €6 million for Groupama Assurances Mutuelles. This contribution corresponding to 2.6% of the health premiums for 2020 and 1.3% of the estimated health premiums for 2021 is requested from supplemental health organisations in return for the lower expenditure on the health segment that these organisations observed during the health crisis. It is booked in the outstanding claims reserve in accordance with the AMF accounting standards regulation of 22 December 2020;
- › €4.9 million contribution to the solidarity fund set up by the central government to support VSE/SMEs (booked in extraordinary result in accordance with the ANC recommendation);
- › civic measures for €0.2 million (grants to associations, medical institutions, etc.).

The particular context also led the entity to strengthen the judgement elements for the assessment of a number of commitments:

- › regarding the valuation of technical reserves, the Covid health crisis and the lockdown period changed the occurrence and the usual development rate of claims, making the estimation of technical reserves more difficult this year. In addition to the effects on the current claim ratio (reduced frequency in some segments such as motor or health during the lockdown period or cumulative loss experience on others), there are operational effects related to the lockdowns that disrupted the day-to-day management of claims. Methods based on the analysis of past

rates may lead to an underestimation or overestimation of technical reserves. The parameters of the models were thus adapted, and alternative methods that are less sensitive to the paces of occurrence or settlement of claims were used in addition in order to value the claims reserves;

- › on certain risks highly exposed to Covid (insurance for operating losses, event cancellation), the impact at the level of Groupama Assurances Mutuelles amounts to €33 million (net of reinsurance). In general, and more specifically on these risks, the Group also conducted a very careful review of its contractual clauses and implemented a policy of scrupulous compliance with its commitments.

It should also be noted that financial investments were not significantly affected by the crisis and that the methods for establishing reserves for these assets remained unchanged.

In summary, it is worth pointing out that the entity's fundamentals are very resilient under these adverse health circumstances. This is reflected in particular in the Group's solvency level, which continues to be good. The going-concern assumption underlying the preparation of its financial statements therefore remains perfectly relevant.

1.2 Financial strength

(a) Financial rating

On 19 March 2020, Fitch Ratings revised Groupama's rating outlook to "Stable" and maintained its "A" rating, to take into account both the significant uncertainty created by the global coronavirus pandemic, which led to high levels of volatility in financial markets, and "Negative" on the French life insurance sector.

On 19 May 2020, then on 29 September 2020, the agency confirmed Groupama's "A" rating and "Stable" outlook. The Fitch rating reflects Groupama's ability to maintain strong capitalisation and leverage as well as its highly robust business profile in the French insurance sector.

1.3 Business Activities

(a) Partnerships

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. On 7 April 2020, the sale was finalised for €211 million, and Groupama Assurances Mutuelles received non-recurring one-off compensation of €44.7 million for the conclusion of its reinsurance partnership, with the balance of the sale borne by its subsidiary Groupama Holding Subsidiaries et Participations.

(b) Inclement weather

The year 2020 was marked by a substantial weather loss experience. Significant droughts took place in the summer, and some usually spared areas were affected, particularly in northern and northeastern France.

In October, Storm Alex, which struck Brittany before causing deadly floods in Alpes-Maritimes, left significant material damage across the territory, with around a hundred houses damaged or even completely destroyed and bridges and roads washed away, particularly in the Vésubie, Tinée, and Roya valleys.

2 Post-balance sheet events

None.

3 Accounting principles, rules and methods

Groupama Assurances Mutuelles's corporate financial statements 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 insurance. They include:

- › contributions for the fiscal year, net of cancellations;
- › variation in premiums still to be written;
- › variation in premiums to be cancelled.

These premiums are corrected for variation in unearned premiums and constitute the amount of earned premiums.

3.1.2 Reserve for unearned premiums

The reserve for unearned premiums for all policies in force at the fiscal year-end shows the share of premiums written and premiums yet to be written relating to the risk coverage in effect for the year or years following the reporting year. It is calculated *pro rata temporis*.

3.1.3 Costs relating to the insurance business

Costs relating to the insurance business are recorded according to their nature. They are classified for the presentation of the financial statements according to the purposes of the claims management costs, acquisition costs, administration cost, investment costs, and other technical costs.

Acquisition and administration costs mainly include:

- › commissions paid by Groupama Assurances Mutuelles to the regional mutuals. These are determined pursuant to the provisions stipulated in the reinsurance agreement with the regional mutuals and are calculated based on the earned premiums that Groupama Assurances Mutuelles accepts from the regional mutuals;
- › commissions assessed on direct business and other inward reinsurance business.

3.1.4 Deferred acquisition costs

A portion of the general expenses of Groupama Assurances Mutuelles allocated for the acquisition of contracts and commissions on direct and accepted business is posted to assets in the balance sheet. This is the share of acquisition expenses pertaining to unearned premiums.

3.1.5 Claims

The claims expense for the period primarily consists 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 claims from the regional mutuals is two-pronged. One component is set aside for ten-year coverage for general liability and the other is for ten-year coverage for property damages. This reserve is determined in accordance with the provisions of Articles 143-14 and 143-15 of ANC Regulation no 2015-11.

The outstanding claims reserves for payments made 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 equalisation reserves to cover extraordinary expenses relating to operations to guarantee risks due to natural factors, nuclear risk, risks of civil liability due to pollution, space risks, as well as risks relating to attacks, terrorism and air transport. These reserves are funded voluntarily. Groupama Assurances Mutuelles computes this reserve based on the share of risks it insures or reinsures or that is obtained through its share of the results owing to its shareholding in certain professional pools. The amounts of these reserves are indicated in Note 11.

3.1.7 Other technical reserves

A reserve for unexpired risks is allocated when the estimated amount of claims (including management costs) that could be reported after the year end on policies written up before that date exceeds the reserve for unearned premiums.

The reserve for increasing risks defined in Article R. 343-7 of the French Insurance Code is the difference between the current values of the commitments taken respectively by the insurer and by the policyholders for insurance operations covering health and disability risks. This reserve concerns the reserves formed in long-term care insurance as well as those on business accepted. The amount of this reserve is indicated in Note 11.

The actuarial reserves for annuities are based on the discounted values of annuities and annuity ancillaries still owed at the inventory date. This item includes the reserves set aside against direct business and supplementary reserves on inward reinsurance business.

The actuarial reserves for annuities, as determined by the regional mutuals and accepted by Groupama Assurances Mutuelles, represent the actual value of their commitments relating to annuities plus their ancillary expenses. The tables applied to assess these reserves are computed with a financial discount and are based on demographic trends.

In life and health insurance, the actuarial reserves for temporary and permanent disability annuities are determined according to Article 143-2 of ANC regulation 2015-11. The discount rate used is 60% of the average TME of the last 24 months plus 10 basis points. Actuarial reserves for payments made for traffic accidents occurring on or after 1 January 2013 include an annual adjustment with an inflation rate of 2%. For disability annuities in progress, the reserves are determined by applying the maintenance and disability tables in Articles 600-2 and 600-4 of the annex to ANC regulation 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. The allocation to this reserve is spread over a period in accordance with the provisions of the French Insurance Code.

3.1.8 Inward reinsurance transactions

Inward reinsurance transactions are recognised according to the terms of the Groupama Assurances Mutuelles reinsurance agreement with its regional mutuals, reinsurance treaties entered into mainly with the Group's other entities and under the professional pools.

3.1.9 Outward reinsurance and retrocessions

Outward reinsurance, mainly to reinsurers outside the Group, on accepted risks or direct insurance is accounted for under the terms of the various treaties. They may be supplemented by estimates if the current accounts with those reinsurers are incomplete at the end of the 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 considered 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.

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The following table shows the depreciation times and shares by type of property:

Components	House and office before 1945		House and office after 1945		Retail		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 in the balance sheet under asset accruals.

Inflation-linked change in the redemption value of bonds that are indexed on the general price levels is posted to income.

The redemption value recorded at the close is the most recent quoted price at the inventory date. For unlisted securities, it is the market value resulting from the price that would be obtained under normal market conditions and depending on their utility to the Company.

(c) Equities and other variable-income securities (including equity securities)

Shares and other variable-income securities under Article R. 343-10 of the French Insurance Code are recorded at their purchase price excluding accrued interest.

In accordance with the provisions of ANC regulation 2014-03 relating to the general accounting Code (Art 221-1/213-8), 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 five years.

The realisable value retained at statement closing corresponds:

- › for listed securities, as a general rule, the last price listed on the day of the inventory;
- › for unlisted securities, to the market value corresponding to the price that would be obtained under normal market conditions based on their usefulness 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 French 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 shares is based on multi-criteria methods selected based on each specific situation (type of assets, holding period, etc.).

The net book value of the equity securities of Groupama Holding Filiales et Participations (GHFP) amounts to €7,228 million. The valuation method applied to these securities is based on the intrinsic valuation of the securities of subsidiaries and participations that make up GHFP's assets.

Each entity that undergoes a valuation provides its underwriting income forecasts calculated based on an estimated increase in premium income and a change in combined ratio for the plan period. These assumptions are adapted on the basis of the objectives of each entity, past experience, and external constraints imposed by the local market (competition, regulation, market shares, etc.). Forecasts of financial income and discounted free cash flow are determined on the basis of financial assumptions (notably discount rate and rate of return).

As a general rule, the applied available future cash flows correspond:

- › during an explicit period corresponding to the first years, the cash flow column is based in particular on the first three years of the Group's operational strategy planning. This is subject to a discussion process between local management and the Group;
- › beyond the explicit horizon, the cash flow column is completed by a terminal value. This terminal value is based on long-term growth assumptions applied to an updated projection of normative cash flows;
- › the solvency margin integrated into the business plans is valued according to the prudential rules established by the Solvency 2 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 is less than its gross value increased, if applicable, by the accrued interest not yet due at the close, a reserve for amortisation will be created in the amount of the difference.

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3.2.3 Investment income and expenses

Financial income includes the revenue from investments received during the fiscal year (rent, dividends, coupon payments, interest on loans and current accounts).

Other investment income includes the pro-rata share in the discount on the bond redemption differences and reversals of reserves for loss in value of investments.

Other investment expenses include the percentage of appreciation on the differences in redemption of bonds, and the depreciation allowance and reserves for investments, and the percentage of general expenses corresponding to investment-management activities.

The capital gains or losses on marketable securities are determined by applying the first-in first-out method (FIFO), and they are recorded in the income statement.

For these same securities, a reversal is made during the year they are sold for the cumulative amortisation & impairment 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 shareholders' 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 2020 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 consist primarily 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 disposal transactions:
 - loans or advances to outward reinsurers,
 - income owed relating to transactions ceded to outward reinsurers;
- › for the other receivables:

- tax consolidation 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 item consists primarily of:

- › improvements to the premises;
- › transportation equipment;
- › office equipment;
- › furniture;
- › computer equipment;
- › other tangible assets.

The assets are depreciated on a straight-line or degressive basis based on their estimated useful life which varies 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:

- › accrued interest and income;
- › differences in the redemption prices of bonds;
- › acquisition costs carried over to future fiscal years.
- › accruals related to FFIs.

3.3.7 Reserves (other than underwriting)

Reserves (other than underwriting) are set up in accordance with the provisions of ANC regulation 2014-03 on the French national accounting system and concern risks and charges that are clearly specified when they are applicable but whose due date or amount cannot be fixed precisely.

This item also includes regulated provisions consisting mainly of accelerated amortisation on acquisition costs of equity securities.

Reserves for retirement commitments and similar obligations are measured and recognised in accordance with ANC recommendation 2013-02, the applied method being the method based on revised IAS 19 published in June 2011 with the immediate recognition of actuarial gains and losses in the income statement.

3.3.8 Corporate income tax

Groupama Assurances Mutuelles is the parent company of a tax consolidation group comprising 69 tax-consolidated 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 32.02%), whatever the actual amount of tax owed by the Group. This amount of corporate tax is paid to Groupama Assurances Mutuelles *via* tax consolidation current accounts.

The tax savings realised by the Group relating to losses are reported at the Groupama Assurances Mutuelles parent company level. They are treated as an immediate gain for the year and not as a simple cash saving.

The savings achieved by the consolidated group, not related to losses, are also retained by the parent company, with the exception of the tax savings achieved on the neutralisation of intra-group dividends between Groupama Assurances Mutuelles and the regional mutuals.

These two items are recorded in the financial statements pursuant to the provisions of notice 2005-G dated 12 October 2005 of the Emergency Committee of the Conseil National de la Comptabilité.

3.3.9 Debts

Payables mainly consist of:

- › for direct insurance operations (these concern non-life insurance operations in co-insurance and co-reinsurance groupings and the operations of the regional mutual of Antilles Guyane not having administrative authorisation to carry out insurance operations):
 - policyholders' credit accounts,
 - commissions on premiums earned but not written,
 - advances or loans from co-insurers;
- › for inward reinsurance operations:
 - advances or loans with the ceding offices;
 - accrued expenses related to inward transactions from these ceding entities;
- › for disposal transactions:
 - advances or loans with outward reinsurers;
 - accrued expenses related to inward transactions from these outward reinsurers;
- › for the other payables:
 - advances or loans of a financial and operational nature with various other entities;
 - bank overdrafts;
 - taxes and social security owed.

3.3.10 Accruals – Liabilities

Accrual accounts on the liabilities side correspond mainly to the amortisation of differences on bond redemption prices.

3.4 Change in accounting method

No change in accounting method was noted during this fiscal year.

4 Notes on the annual financial statements

Note 4 Intangible assets

Statement of movements during the year

<i>(in thousands of euros)</i>	Amount at 31.12.2019	Transfers inclusions/removals	Inclusions/ contributions to amortisation	Removals/ write-backs of reserves	Amount at 31.12.2020
Gross values ⁽¹⁾	124,888	14,011		3,043	135,856
Amortisation	113,334		3,569	140	116,763
TOTAL NET AMOUNTS	11,554	14,011	(3,569)	2,903	19,093

(1) Composed primarily of IT development costs.

Note 5 Investments

5.1 Land and buildings

Statement of movements during the year

<i>(in thousands of euros)</i>	Amount at 31.12.2019	Transfers inclusions/removals	Inclusions during the year	Removals during the year	Amount at 31.12.2020
Gross values					
Fixed assets	134,793	24		24	134,793
Shares of real-estate companies	307,188		4,629	21	311,796
Total gross amounts	441,981	24	4,629	45	446,589
Amortisation/Impairment					
Fixed assets	11,770		1,521		13,291
Shares of real-estate companies	46		782		828
Total amortisation	11,816		2,303		14,119
TOTAL NET AMOUNTS	430,165	24	2,326	45	432,470

5.2 Investments in related companies and in companies with which there is an equity tie

Summary table

<i>(in thousands of euros)</i>	Gross amount at 31.12.2019	Transfers in	Transfers out	Inclusions during the year	Removals during the year	Gross amount at 31.12.2020
Gross values						
Equities and similar instruments						
Related companies	7,711,826			224,763		7,936,589
Companies with which there is an equity tie	2,042				463	1,579
Loans and receivables						
Related companies	1,370,435			114,000	4,210	1,480,225
Companies with which there is an equity tie						
Cash deposits with ceding entities	873,193			1,490	14,801	859,882
Total gross amounts	9,957,496			340,253	19,474	10,278,275
Reserves						
Equities and similar instruments						
Related companies	204,591			64,643	89	269,145
Companies with which there is an equity tie	328			278	328	278
Loans and receivables						
Related companies						
Companies with which there is an equity tie						
Cash deposits with ceding entities						
Total reserves	204,919			64,921	417	269,423
TOTAL NET AMOUNTS	9,752,577			275,332	19,057	10,008,852

EQUITIES AND SIMILAR INSTRUMENTS

The main movements equities during the fiscal year mainly concerned the payment of a €199.9 million dividend in shares of Groupama Holding Filiales et Participations.

In addition, Groupama Assurances Mutuelles acquired €10.2 million in securities of Groupama Énergie Renouvelables and subscribed to €11.2 million in capital increases of Groupama Private Equity Invest and €3.3 million in capital increases of Groupama Infrastructure Invest.

Allowances for long-term impairment included Cofintex 17 for -€43.7 million, Groupama China for €16.4 million, and Groupama Épargne Salariale for €3.7 million.

LOANS

The movement on loans and advances granted by Groupama Assurances Mutuelles concerned loans to Groupama Asigurari for €24 million and to Groupama Assicurazioni for €90 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

<i>(in thousands of euros)</i>	Amount at 31.12.2019	Transfers in	Transfers out	Inclusions during the year	Removals during the year	Amount at 31.12.2020
Gross values						
Fixed-income bonds and mutual funds	1,587,259			363,769	599,019	1,352,009
Variable-income equities and mutual funds	22,027			19,621	961	40,687
Cash mutual funds	526,025			1,452,905	1,751,651	227,279
Other	420,506			62,848	278,825	204,529
TOTAL GROSS AMOUNTS	2,555,817			1,899,143	2,630,456	1,824,504
Reserves						
Fixed-income bonds and mutual funds						
Variable-income equities and mutual funds	1,147				961	186
Total reserves	1,147				961	186
TOTAL NET AMOUNTS	2,554,670			1,899,143	2,629,495	1,824,318

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 reserve for an investment item in the previous close;

- › when the investment has been consistently in a significant unrealised loss situation in terms of its book value for a period of six consecutive months preceding the close;

- › there are objective indicators of long-term impairment.

A significant unrealised value is assumed when the security has fallen permanently by 20% compared with its cost price over a period of six months.

5.4 Summary table of investments

31 December 2020 (in thousands of euros)	Line F0501	Gross value N	Net value N	Sale value
1. Property investments				
a) Land and buildings		446,589	432,471	625,892
i. Undeveloped land	R0060	0	0	0
ii. Shares of unlisted property companies	R0070	43,974	43,974	75,645
iii. Developed properties excluding operating properties	R0080	104	57	334
iv. Units and shares of unlisted real estate companies excluding operating properties	R0090	262,551	261,723	299,741
v. Operating properties (developed properties and shares of unlisted real estate companies)	R0100	139,960	126,717	250,172
b) Land and buildings in progress		0	0	0
i. Land allocated to a building in progress	R0120	0	0	0
ii. Properties under development	R0130	0	0	0
iii. Units and shares of unlisted real estate companies (properties under development)	R0140	0	0	0
iv. Fixed assets subject to property rights (loans for use)	R0150	0	0	0
v. Operating property under development	R0160	0	0	0
TOTAL PROPERTY INVESTMENTS		446,589	432,471	625,892
2. Shares, units and other variable-income securities				
a) Equities, units and other variable-return securities in non-equity-linked entities or affiliates		705,873	705,687	722,009
i. Listed equities and securities	R0210	6,804	6,618	5,523
ii. Mutual fund shares and units holding exclusively fixed-income securities	R0190	437,907	437,907	439,262
iii. Shares and units of other mutuals funds	R0200	260,491	260,491	276,553
iv. Unlisted shares and securities	R0220	671	671	671
b) Equities, units and other variable-return securities in affiliates		7,936,589	7,667,444	9,445,278
i. Listed equities and securities	R0240	0	0	0
ii. Unlisted shares and securities	R0250	7,936,589	7,667,444	9,445,278
c) Equities, units, and other variable-return securities in equity-linked entities		1,579	1,301	8,839
i. Listed equities and securities	R0270	0	0	0
ii. Unlisted shares and securities	R0280	1,579	1,301	8,839
TOTAL EQUITIES, UNITS, AND OTHER VARIABLE-RETURN SECURITIES		8,644,041	8,374,432	10,176,126
3. Other investment securities				
a) Other investment securities excluding investments in equity-linked entities or affiliates		1,118,630	1,111,705	1,168,040
i. Bonds, negotiable debt securities, and fixed-income securities		914,103	907,177	963,512
› Listed bonds:		914,103	907,177	963,512
Bonds and other securities issued or guaranteed by an OECD member State	R0330	348,814	343,310	367,824
Bonds and similar securities issued by securitisation special-purpose vehicles	R0340	0	0	0

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31 December 2020 (in thousands of euros)	Line F0501	Gross value N	Net value N	Sale value
Bonds, shares of mutual debt funds, and participating shares traded on a recognised market other than those referred to above	R0350	565,288	563,867	595,688
› Unlisted bonds		0	0	0
› Negotiable debt securities and treasury bills		0	0	0
› Other	R0440	0		0
ii. Loans		1,868	1,868	1,868
› Loans obtained or guaranteed by an OECD member State	R0460	0	0	0
› Mortgage loans	R0470	0	0	0
› Other loans		1,868	1,868	1,868
Secured loans	R0490	1,868	1,868	1,868
Unsecured loans	R0500	0	0	0
› Advances on policies	R0510	0	0	0
iii. Deposits with credit institutions	R0520	138,000	138,000	138,000
iv. Other investments		64,660	64,660	64,660
› Deposits and guarantees	R0540	42,292	42,292	42,292
› Receivables representing lent securities	R0550	0	0	0
› Security deposits related to financial futures in cash	R0560	0	0	0
› Securities provided as collateral with transfer of ownership for transactions on FFI	R0570	22,368	22,368	22,368
› Other	R0580	0	0	0
v. Receivables for cash deposited with ceding companies	R0590	0	0	0
vi. Receivable for the deposit component of a reinsurance contract		0		0
b) Investments representing technical reserves related to unit-linked contracts		0	0	0
Real-estate investments	R0980	0	0	0
Variable-return securities other than mutual funds	R0990	0	0	0
Bonds, negotiable debt securities, and other fixed-income securities	R1000	0	0	0
Units of mutual funds holding only fixed-income securities	R1010	0	0	0
Shares in other mutual funds	R1020	0	0	0
c) Other investment securities in affiliates		2,340,107	2,340,107	2,340,107
i. Bonds, negotiable debt securities, and fixed-income securities		0		0
› Listed bonds and similar securities		0		0
› Unlisted bonds		0		0
› Negotiable debt instruments		0		0
› Other	R0720	0		0
ii. Loans	R0730	1,480,225	1,480,225	1,480,225
iii. Deposits with credit institutions	R0740	0	0	0
iv. Other investments	R0750	0	0	0
v. Receivables for cash deposited with ceding companies	R0760	859,882	859,882	859,882
vi. Receivable for the deposit component of a reinsurance contract	R0770	0	0	0

31 December 2020 (in thousands of euros)	Line F0501	Gross value N	Net value N	Sale value
d) Other investment securities in equity-linked entities		0	0	0
i. Bonds, negotiable debt securities, and fixed-income securities		0	0	0
› Listed bonds and similar securities		0		0
Other unlisted bonds	R0850	0		0
Negotiable debt instruments	R0890	0		0
› Other	R0900	0		0
ii. Loans	R0910	0	0	0
iii. Deposits with credit institutions	R0920	0	0	0
iv. Other investments	R0930	0	0	0
v. Receivables for cash deposited with ceding companies	R0940	0	0	0
TOTAL OTHER INVESTMENT SECURITIES		3,458,737	3,451,812	3,508,147

(1) Including premium/discount.

Note 6 Share of outward reinsurance and retrocessionaires in technical reserves

(in thousands of euros)	31.12.2020				31.12.2019			
	Pools and CDA*	Retro on inward from RMs	Other Retrocessions	Total	Pools and CDA*	Retro on inward from RMs	Other Retrocessions	Total
Reserves for unearned premiums	6,118	1,519		7,638	6,210	1,213		7,424
Reserves for claims:	80,147	625,660	417,011	1,122,818	92,538	464,297	378,104	934,939
Reserves for profit sharing								
Equalisation reserves:	1,206		5,016	6,222	1,302		4,370	5,673
Other technical reserves:	2,320	215,369		217,689	1,944	202,196		204,139
TOTAL	89,791	842,548	422,027	1,354,366	101,994	667,706	382,475	1,152,174

* Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing (CDA).

Note 7 Receivables

(in thousands of euros)	31.12.2020				31.12.2019			
	Maturity:				Maturity:			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Receivables net of impairments								
Receivables relating to direct insurance operations:	(2,397)	3,196		800	2,805	1,964		4,770
Earned premiums not written	(5,999)			(5,999)	(3,873)			(3,873)
Other receivables relating to direct insurance transactions:	3,602	3,196		6,799	6,679	1,964		8,643
Policyholders	1			1	1			1
Insurance intermediaries	79			79	79			79
Co-insurers	3,522	3,196		6,719	6,599	1,964		8,563
Other third parties								
Receivables relating to reinsurance transactions:	399,976	53,534	0	453,510	343,934	57,562	0	401,497
Reinsurers	160,785	305		161,091	94,931	607		95,538
Ceding entities	239,190	53,229	0	292,420	249,004	56,955	0	305,959
Other receivables:	313,898	3,831		317,729	272,944	13,831		286,775
Personnel	1,471			1,471	415			415
Government, Social Security, and local authorities	65,182			65,182	10,943			10,943
Other debtors	247,245	3,831		251,076	261,586	13,831		275,417
TOTAL RECEIVABLES	711,477	60,562	0	772,039	619,684	73,357	0	693,041

Note 8 Accruals – Assets

(in thousands of euros)	31.12.2020	31.12.2019
Accrued interest not yet due	28,565	24,208
Deferred acquisition costs	3,644	3,780
Reimbursement price differences receivable	2,266	1,806
Other accruals	63,128	162,355
TOTAL ASSET ACCRUALS	97,603	192,149

Note 9 Changes in shareholders' 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 shareholders' equity

(in thousands of euros)	31.12.2019	Allocation of 2019 result		Other mvts for the year	Net income for the year	31.12.2020
		Net income	Dividends			
Shareholders' equity						
Initial capital	3,617,879					3,617,879
Share capital						
Issue premiums						
Merger premiums						
Contribution premiums						
Conversion difference	(353,043)			353,043		
Subtotal: Additional paid-in capital	(353,043)			353,043		
Capitalisation reserve						
Other reserves						
Subtotal: Other reserves						
Balance brought forward	111,300	325,702	(14,002)	(353,043)		69,957
Net income for fiscal year	325,702	(325,702)			144,913	144,913
TOTAL	3,701,838		(14,002)		144,913	3,832,749

In accordance with the General Meeting of 18 June 2020, the conversion difference established in 2018 was completely cleared.

Note 10 Subordinated liabilities

"Subordinated liabilities", which stood at €2,732.1 million at 31 December 2020, 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;
- › TSR issued in September 2019 at a fixed rate of 2.125%, with a term of ten years and a nominal value of €500 million;
- › TSR issued in January 2017 for a nominal value of €650 million at a fixed rate of 6% over a period of ten years. The nominal difference remaining to be amortised at 31 December 2020 is €9.3 million;
- › TSR issued in September 2018 for a nominal value of €500 million at a fixed rate of 3.375% for a 10-year term and for which the issue premium is recorded as a deduction from the nominal value issued and amortised on a straight-line basis over the life of the bond.

Note 11 Technical reserves of non-life insurance

11.1 Breakdown of gross technical reserves

(in thousands of euros)	31.12.2020				31.12.2019			
	Pool and CDA ⁽¹⁾	Inward reinsurance from regional mutuels	Other inward reinsurance	Total	Pool and CDA ⁽¹⁾	Inward reinsurance from regional mutuels	Other inward reinsurance	Total
Reserves for unearned premiums	11,039	228,254	146,976	386,269	11,236	201,263	147,483	359,982
Reserves for claims	198,464	3,606,065	1,287,035	5,091,564	228,864	3,197,979	1,292,569	4,719,412
Reserves for profit sharing		1,364	414	1,778			244	244
Equalisation reserves	2,496	113,004	45,060	160,560	2,607	87,170	49,833	139,610
Other technical reserves	64,724	1,006,523	97,509	1,168,756	66,846	972,626	100,271	1,139,742
TOTAL	276,723	4,955,210	1,576,994	6,808,927	309,553	4,459,038	1,590,400	6,358,990

(1) Including technical reserves related to contracts written by the Antilles-Guyane regional mutual exempt from licensing.

MEASUREMENT OF RESERVES FOR NON-REPORTED AND LATE CLAIMS (IBNR)

Outstanding claims reserves totalled €5,091 million at 31 December 2020. These reserves are valued using an actuarial approach, defined in accordance with a Group methodology. By means of valuations of final costs based on payment or cost triangles (depending on the risk segment), this method determines the sufficient amount of outstanding claims reserve. This valuation includes the valuation of delinquent claims and expected recoveries in its approach.

LONG-TERM CARE

Total reserves relating to long-term care risk were €403.7 million at 31 December 2020 (of which €278.8 million is 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 0.04% (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 conducted. In particular, it includes any anticipations of price revisions.

EQUALISATION RESERVES

Groupama Assurances Mutuelles recorded an allocation to equalisation reserves of €20.3 million as of 31 December 2020 as well as a stability fund reserve allocation of €0.7 million.

11.2 Change over the past five years in claims regulations applied since its inception and the outstanding claims reserve

CHANGE IN ACCRUED PREMIUMS AND CLAIMS

The data presented below correspond to changes in the following portfolios:

- › inward reinsurance from regional mutuals;
- › run-off business;
- › other inward reinsurance.

<i>(in thousands of euros)</i>	Fiscal years					
	2015 and earlier	2016	2017	2018	2019	2020
Estimate of the claims expense:						
at end of N	24,783,092	1,872,609	1,927,798	1,942,129	2,048,813	2,081,589
at end of N+1	24,634,179	1,746,946	1,992,447	1,906,304	2,047,770	
at end of N+2	24,751,664	1,638,044	1,990,564	1,935,581		
at end of N+3	24,665,636	1,602,300	2,006,294			
at end of N+4	24,686,772	1,592,729				
at end of N+5	24,708,570					
Claims expense (a)	24,708,570	1,592,729	2,006,294	1,935,581	2,047,770	2,081,589
Cumulative claims payments (b)	23,293,186	1,018,294	1,525,115	1,368,285	1,367,378	774,800
Outstanding claims reserves (a) - (b) = (c) (net of the retained share of the CDA)	1,415,384	574,435	481,180	567,296	680,392	1,306,789
Earned premiums	30,876,003	2,199,673	2,664,308	2,692,249	2,776,752	2,628,502
LOSS RATIO	80.03%	72.41%	75.30%	71.89%	73.75%	79.19%

11.3 Change in opening claims reserves

Liquidation of claims reserves gross of reinsurance

<i>(in thousands of euros)</i>	2020	2019
Opening claims reserves net of expected recoveries	4,627,298	4,262,830
Payments made during the year for previous years net of expected recoveries	(936,923)	(815,879)
Closing claims reserves net of expected recoveries	(3,705,948)	(3,348,940)
SURPLUS/DEFICIT	(15,573)	98,011

The opening deficit posted in 2020 on claims reserves totalled -€15.6 million. It is primarily made up of a deficit on the accepted risks of the regional mutuals for -€109.4 million and a surplus on

the inward reinsurance portfolio of the subsidiaries and profit centre for +€92.6 million.

Note 12 Reserves (other than underwriting)

<i>(in thousands of euros)</i>	Amount of reserves at 31.12.2019	Increase in reserves during the fiscal year allocations for the year	Write-backs for the year	Amount of reserves at 31.12.2020
Regulatory reserves				
Reserves for pensions and similar obligations	42,121	48,673	42,121	48,673
Tax reserves				
Other contingent liabilities reserves	23,828	19,560	4,897	38,491
Other reserves for charges		4,800		4,800
TOTAL	65,949	73,033	47,018	91,964

The “reserve (other than underwriting)” item included in liabilities of the balance sheet as at 31 December 2020 for €91.9 million particularly includes reserves for pension and similar commitments, which includes a reserve related to pension commitments for employees and former employees of absorbed subsidiaries (SMDA).

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

<i>(in thousands of euros)</i>	31.12.2020				31.12.2019			
	Maturity				Maturity			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Other debt								
Debts arising from direct insurance operations:	2,840	75		2,915	3,019	75		3,094
Policyholders	72			72	77			77
Insurance intermediaries								
Co-insurers	2,768	75		2,843	2,943	75		3,017
Other third parties								
Debts relating to reinsurance transactions:	292,714	54,203	394	347,310	148,782	59,366	32	208,180
Reinsurers	140,865	54,149	378	195,392	98,365	55,752		154,117
Ceding entities	151,848	54	15	151,918	50,417	3,614	32	54,063
Other intermediaries								
Bonds (including convertible bonds)	22,309	113,662		135,971	481,989	113,662		595,651
Debt to credit institutions								
Other liabilities:	420,603			420,603	989,752			989,752
Other loans, deposits and guarantees received	185,421			185,421	729,415			729,415
Personnel, Social Security organisations and local authorities	45,963			45,963	39,413			39,413
Government, Social Security	37,525			37,525	63,561			63,561
Other creditors	151,694			151,694	157,363			157,363
TOTAL	738,465	167,939	394	906,799	1,623,542	173,103	32	1,796,678

Note 14 Accruals – Liabilities

<i>(in thousands of euros)</i>	31.12.2020	31.12.2019
Deferred amortisation on reimbursement price	10,286	7,092
Other accruals	3,466	4,294
TOTAL ACCRUED LIABILITIES	13,752	11,386

Note 15 Assets and liabilities concerning related companies and equity-linked companies

Cash and receivables

(in thousands of euros)	31.12.2020				31.12.2019			
	Related companies	Equity-linked companies	Other	Total	Related companies	Equity-linked companies	Other	Total
A) Assets								
Intangible assets	19,093			19,093	11,554			11,554
Investments								
Property	310,662		121,809	432,471	307,142		123,023	430,165
Shares & other variable-income securities	7,667,444	1,301	705,687	8,374,432	7,507,235	1,714	1,528,496	9,037,445
Bonds & other fixed-income securities			914,103	914,103			605,668	605,668
Loans	1,480,225			1,480,225	1,370,435		1,868	1,372,303
Deposits with other credit institutions								
Other investments			204,528	204,528			418,639	418,639
Receivable cash at ceding entities	833,801		26,082	859,882	846,664		26,529	873,193
Investments in unit-linked policies								
Reinsurer share of technical reserves								
Unearned premiums (non-life)	7,638			7,638	7,424			7,424
Prov. Claims reserves (non-life)	454,362		668,455	1,122,818	437,209		497,730	934,939
Share of earnings and dividends (non-life)								
Equalisation reserves	6,191		31	6,222	5,596		77	5,673
Other underwr. reserves. (non-life)	2,384		215,305	217,689	2,025		202,114	204,139
Share of agencies exempt from approval								
Receivables from direct insurance transactions								
Of which policyholders	(6,564)		566	(5,998)	(4,480)		608	(3,872)
Of which insurance intermediaries			79	79			79	79
Of which other third parties			6,719	6,719			8,563	8,563
Receivables from reinsurance operations	166,391		287,119	453,510	164,971	28,251	208,275	401,497
Personnel			1,471	1,471			415	415
Government, Social Security and local authorities			65,182	65,182			10,943	10,943
Other debtors	190,522	99	60,455	251,076	189,674	205	85,538	275,417
Tangible operating assets			470	470			489	489
Cash and equivalents		153	18,535	18,688		25,468	515	25,983
Interest & lease payments written and not due			28,566	28,566			24,208	24,208
Deferred acquisition costs	3,259		386	3,644	3,403	251	126	3,780
Other accruals – assets			65,392	65,392			164,161	164,161
Unrealised foreign exchange adjustments								
TOTAL	11,135,408	1,553	3,390,939	14,527,900	10,848,852	55,889	3,908,064	14,812,805

Liabilities and commitments

(in thousands of euros)	31.12.2020				31.12.2019			
	Related companies	Equity-linked companies	Other	Total	Related companies	Equity-linked companies	Other	Total
B) Liabilities								
Shareholders' equity	3,832,749			3,832,749	3,701,838			3,701,838
Share capital/initial capital	3,617,878			3,617,878	3,617,879			3,617,879
Other shareholders' equity	214,871			214,871	83,959			83,959
Subordinated liabilities			2,732,117	2,732,117			2,729,538	2,729,538
Gross technical reserves								
Unearned premiums (non-life)	382,027		4,242	386,269	355,872		4,110	359,982
Claims reserves (non-life)	4,722,166		369,398	5,091,564	4,278,282	192,551	248,580	4,719,413
Share of earnings and dividends (non-life)	1,778			1,778	244			244
Equalisation reserves	148,174		12,386	160,560	128,414		11,195	139,609
Other techn. reserves (non-life)	1,161,476		7,280	1,168,756	1,129,764	9,577	401	1,139,742
Contingent liabilities			91,964	91,964			65,949	65,949
Debts for cession. cash			141,593	141,593			148,426	148,426
Debts from direct insurance transactions								
Owed to policyholders			72	72			77	77
Owed to insurance intermediaries								
Owed to other third parties			2,843	2,843			3,017	3,017
Debts from reinsurance transactions	113,606		233,704	347,310	52,636	4,962	150,582	208,180
Bond debt			135,971	135,971	595,651			595,651
Debts to credit establishments								
Other debt								
Other loans, deposits and guarantees received	76,587		108,834	185,421	515,080		214,335	729,415
Personnel			45,963	45,963			39,414	39,414
Government, Social Security and local authorities			37,525	37,525			63,561	63,561
Other creditors	55,017		96,677	151,694	51,406	41	105,916	157,363
Accruals – liabilities			13,752	13,752			11,386	11,386
Unrealised foreign exchange adjustments								
TOTAL	10,493,579		4,034,321	14,527,900	10,809,187	207,131	3,796,487	14,812,805

Note 16 Commitments received and given

Commitments received

The €2.1 million of commitments received correspond mainly to:

- › a joint and several guarantee for €1.7 million received as part of the commitment made for the Groupama Health Foundation;
- › a €0.2 million commitment received relating to the acquisition of 50% of the shares of the Société de Gestion de l'Échappée;
- › another miscellaneous commitment received of €0.2 million for related companies.

Commitments given

The €485.9 million of commitments given by Groupama Assurances Mutuelles correspond mainly to:

- › commitments on unlisted funds of €41.0 million;
- › an amendment to the cash advance agreement for €31.5 million between Groupama Assurances Mutuelles and Groupama Investissements for €27.7 million;
- › securities pledged to Group companies for €345.9 million;
- › securities pledged to Allianz for €29.1 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 €21.7 million;
- › guarantees granted in connection with the sale of Mastercover held by GUK Booking Services to Nevada Investment Topco and Nevada Investment Holdings 7 for €3.3 million;
- › deposits given to guarantee the commitments of Société de gestion de l'Échappée to the Union Cycliste Internationale (UCI) World Team and Continentale for €1.6 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 €1.9 million;
- › a €1.2 million guarantee given to the Groupama Health Foundation;
- › various other commitments given for €0.3 million, including €0.2 million concerning related companies or equity-linked companies.

The commitments received for reinsurance totalling €406.9 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 pledges for outward reinsurers and retrocessionaires

The amount corresponds to pledged securities received from outward reinsurers for €321.1 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 €85.9 million held in custody.

Long-term financial instruments outstanding

The outstanding long-term financial instruments of Groupama Assurances Mutuelles amounted to €113.7 million, corresponding to the establishment of swaps to hedge the entire Zen structured bond issue for €113.7 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 the Group's 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 transfer of the Gan Eurocourtage brokerage portfolio to Allianz;
- › the fundamental and specific guarantees granted when Groupama Banque securities were contributed 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)	31.12.2020			31.12.2019		
	RUN-OFF and CDA	Inward reinsurance	Total	RUN-OFF and CDA	Inward reinsurance	Total
Earned premiums	82,234	2,684,795	2,767,029	81,741	2,767,976	2,849,717
Claims expense	37,281	2,128,483	2,165,764	26,330	1,990,279	2,016,610
Charges from other technical reserves	2,123	(31,309)	(29,186)	22,847	(33,298)	(10,452)
Change in the equalisation reserve	111	(21,062)	(20,951)	143	(16,291)	(16,147)
Profit sharing	0	(1,364)	(1,364)	0	0	0
A – Underwriting result	47,187	502,577	549,764	78,400	728,108	806,508
Acquisition costs	346	337,641	337,987	500	351,205	351,705
Administrative costs	0	227,604	227,604	0	227,978	227,978
Other technical costs and income	(459)	188,782	188,323	(806)	192,887	192,081
B – Net acquisition and management expenses	(113)	754,026	753,913	(306)	772,070	771,764
C – Allocated investment income	0	158,936	158,936	0	279,442	279,442
D – Reinsurance result	21,526	(13,829)	7,697	29,806	121,779	151,585
UNDERWRITING INCOME/(LOSS) (A + B + C - D)	25,774	(78,684)	(52,910)	48,901	113,701	162,601

Note 18 Investment income and expenses

Type of income (in thousands of euros)	31.12.2020				31.12.2019			
	Related companies	Companies with equity link	Other origins	Total	Related Companies	Companies with equity companies	Other origins	Total
Investment income								
Investment income	495,057	960	18,780	514,797	844,409	1,874	17,242	863,525
Investment income	489,080	960		490,040	831,088	1,874		832,962
Income from real estate investments	5,472		17	5,489	12,804		20	12,824
Income from other investments					517		17,222	17,739
Other financial income	505		18,763	19,268				
Other investment income	3,125	387	(15,934)	(12,422)	20,516	63	44,578	65,157
Profits on the sale of investments		1	3,715	3,716		243	12,816	13,059
Total investment income	498,182	1,348	6,561	506,091	864,925	2,180	74,636	941,741
Investment expenses								
Internal and external investment management costs and financial expenses	9,882	45	133,369	143,296	56,839	236	174,941	232,016
Other investment expenses	64,659	1,060	10,305	76,024	191,345	7	20,275	211,627
Losses on the sale of investments	1,400	363	8,802	10,565	262		8,191	8,453
Total investment expenses	75,941	1,468	152,476	229,885	248,446	243	203,407	452,096
NET INVESTMENT INCOME	422,241	(120)	(145,915)	276,206	616,479	1,937	(128,771)	489,645

The decrease in “Investment income” comes from a decrease in dividend distributions in 2020 from subsidiaries.

The “Other investment expenses” and “Other investment income” items include net allocation to reserves for long-term impairment for -€64.9 million at 31 December 2020 *versus* a net allocation of -€173.1 million in 2019.

Note 19 Other non-technical income and expenses

Other non-underwriting expenses of -€17.8 million mainly consist of general expenses broken down by budget control.

Note 20 Extraordinary income and expenses

The exceptional result for 2020 presents an expense -€17 million and mainly consists of subsidies paid in connection with the funding of major programmes for the Group’s entities for -€25.5 million as well as various non-recurring exceptional expenses, the main ones of which were compensation relating to the change of banking partner at the Group level of -€5.3 million,

compensation from La Banque Postale for +€44.7 million (cf. significant events), the Covid-19 VSE solidarity fund contribution for -€4.9 million, the contractual payment to the UK pension fund for -€6 million, as well as an expense of -€14.6 million linked to an operating property project.

Note 21 Income tax

Tax charge

(in thousands of euros)

	31.12.2020	31.12.2019
Corporate income tax payable	0	(267,549)
Reserves linked to fiscal consolidation gains in year N	116,828	275,755
Other	(1,445)	(15,850)
TOTAL INCOME TAX	115,384	(7,645)

Specific nature and make-up of the “Corporate income tax” line

At 31 December 2020, the “income tax” line includes a net tax credit of €115.4 million that breaks down as follows:

- › tax consolidation income: €127.4 million;
- › tax consolidation expenses: -€12.1 million;
- › Group income tax expense: €0 million.

“Income tax” consists of taxable income posted to individual tax income for the year from consolidated subsidiaries totalling €116.8 million.

The tax consolidation group generated a tax loss of -€159.8 million subject to corporate tax at the ordinary tax rate. Consequently, the tax consolidation group’s corporate tax expense was zero.

Tax loss carry-forwards

As of 31 December 2020, the consolidated group had a short-term loss carry-forward of €159.8 million.

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

<i>(in thousands of euros)</i>	31.12.2020	31.12.2019
Salaries	76,209	77,244
Social Security charges	41,566	31,148
Other	6,525	8,621
TOTAL	124,300	117,013

These figures correspond to the *de facto* Groupama Assurances Mutuelles grouping after allocation to each of its constituents. In 2020, the average rate of expenses of the Group kept by Groupama Assurances Mutuelles is 74.2%.

Note 23 Workforce

Employees

<i>Total number</i>	31.12.2020	31.12.2019
Senior management	125	131
Executives	1,006	981
Non-managerial staff	157	165
TOTAL EMPLOYEES	1,288	1,277

Note 24 Directors' compensation

At 31 December 2020, the gross annual compensation (including benefits in kind) paid to members of the Groupama Assurances Mutuelles Management Committee was €7.8 million. As regards the

supplementary pension commitments, currently benefiting these members, the total commitment at 31 December 2020 was €31.1 million.

Note 25 Subsidiaries and equity interests

Detailed information about equity interests with gross amount greater than 1% of the capital of the Company subject to publication:	Proportion of capital held as at 31.12.2020	Book value of securities held as at 31.12.2020	
		Gross	Net
Subsidiaries (more than 50% owned)			
COFINTEX 2 8/10, rue d'Astorg 75008 Paris	84.00%	222,656	222,656
GROUPAMA AVIC PROPERTY INSURANCE 6/f, N°4 building Tian Fu International CHENGDU CHINE	50.00%	63,526	47,137
GROUPAMA HOLDING FILIALES ET PARTICIPATIONS 8/10, rue d'Astorg 75008 Paris	100.00%	7,228,258	7,228,258
COFINTEX 17 8/10, rue d'Astorg 75008 Paris	91.48%	331,497	96,732
Stakes held between 10 & 50%			
COMPAGNIE FONCIÈRE PARISIENNE 22, rue Joubert 75009 Paris	32.75%	151,873	151,873

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	7,816,103	7,577,361	150,875	56	423,742
Foreign	19,193	10,850	0	0	0
Equity interests:					
French	228,503	224,051	108,365	0	5,140
Foreign	63,526	47,137	0	0	0

(1) Including SCI results.

Note 27 Consolidation

Groupama Assurances Mutuelles prepares:

- › consolidated financial statements incorporating all of its subsidiaries;
- › combined financial statements incorporating the regional mutuals with which a combination agreement has been signed.

The consolidated and combined financial statements are prepared in accordance with International Financial reporting Standards and applicable interpretations as approved by the European Union.

7.4 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

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

(Fiscal year ended 31 December 2020)

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 2020, as attached to this report.

We certify that, in accordance with French accounting rules and principles, the annual financial statements are truthful and in order and present a fair picture of the operating profits and losses for the past fiscal year as well as the Company's financial situation and assets at the end of said fiscal year.

The above opinion is consistent with the content of our report to the Audit and Risk Management Committee.

BASIS OF THE OPINION

Audit reference standard

We conducted our audit in accordance with the professional standards applicable in France. We believe that the information we collected and on which we founded our opinion was sufficient and appropriate.

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 provided for in the French Commercial Code and in the professional Code of ethics for statutory auditors over the period from 1 January 2020 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.

JUSTIFICATION OF OUR ASSESSMENTS – KEY POINTS OF THE AUDIT

The global crisis due to the Covid-19 pandemic has created special conditions for the preparation and audit of the accounts for this fiscal year. This crisis and the exceptional measures taken in connection with this health emergency have multiple consequences for companies, particularly on their activity and financing, as well as increased uncertainty about their future prospects. Some of these measures, such as travel restrictions and teleworking, have also had an impact on the internal organisation of companies and the way audits are conducted.

It is in this complex and evolving context that, 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.

FINANCIAL STATEMENTS

Statutory auditors' report on the annual financial statements

These assessments contributed to the audit of the annual financial statements, taken as a whole, and to the formation of our opinion expressed above. We do not express an opinion on items in these annual financial statements viewed in isolation.

Assessment of outstanding claims reserve (Please refer to Notes 3.1.5 and 11.1 to the annual financial statements)

Identified risk	Implemented procedures
<p>Reserves for claims, appearing on the balance sheet at 31 December 2020 for €5,091 million, represent one of the greatest liabilities.</p> <p>They correspond to unpaid benefits, both in principal and incidentals (management fees), and also include an estimate of the benefits payable, unknown or late.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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:</p> <ul style="list-style-type: none"> › gain an understanding of the design and test the effectiveness of the key controls for managing claims and determining these reserves; › assess the relevance of the calculation method used to estimate the reserves; › reconcile the data used as a basis for estimating reserves with the accounting records; › assess the suitability of the relative assumptions used to calculate the reserves; › conduct a review of the outcome of the previous year's accounting estimates; › use the Mutual'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
<p>Equity securities, shown on the balance sheet at 31 December 2020 for €10,009 million, represent one of the greatest assets.</p> <p>They are initially recognised at their historical cost of acquisition, including costs, minus a provision for long-term impairment where appropriate.</p> <p>The valuation of equity shares is based on multi-criteria methods selected based on each specific situation (type of assets, holding period, etc.).</p> <p>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.</p> <p>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.</p>	<p>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:</p> <ul style="list-style-type: none"> › 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 and in the other documents about the financial position and the annual financial statements sent to the members, with the exception of the point below.

The fair presentation and the consistency with the annual financial statements of the information relating to payment terms mentioned in Article D. 441-6 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.

OTHER VERIFICATIONS OR INFORMATION REQUIRED BY LAWS AND REGULATIONS

Format for the presentation of annual financial statements to be included in the annual financial report

In accordance with Article 222-3 III of the AMF General Regulation, your company's management informed us of its decision to postpone the application of the single electronic reporting format as defined by Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 to fiscal years beginning on or after 1 January 2021. Consequently, this report does not contain any conclusion on compliance with this format in the presentation of the annual financial statements to be included in the annual financial report referred to in Article L.451-1-2 (I) of the French monetary and financial Code.

Appointment of the statutory auditors

We were appointed statutory auditors of Caisse Nationale de Réassurance Mutuelle Agricole Groupama by your General Meeting of 25 June 1999 for PricewaterhouseCoopers Audit and of 12 September 2000 for Mazars.

At 31 December 2020, PricewaterhouseCoopers Audit was in the 22nd year of its mission without interruption, and Mazars was in its 21st 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.

The annual financial statements were 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.

FINANCIAL STATEMENTS

Statutory auditors' report on the annual financial statements

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 they conclude that there is significant uncertainty, they will draw the attention of readers of the report to the information supplied in the annual financial statements about the uncertainty or, if the information is not provided or isn't relevant, they will provide a certification with reservations or will refuse to provide certification;
- › 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.

The information provided in the report to the Audit and Risk Management Committee includes the risks of material misstatements that we believe are most important for the audit of the annual financial statements for the fiscal year and that are therefore the key points of the audit, which we 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.

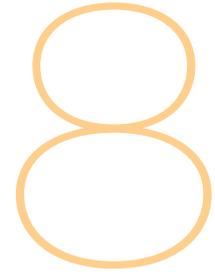
Neuilly-sur-Seine and Courbevoie, 2 April 2021

The statutory auditors

PricewaterhouseCoopers Audit
Christine Billy

Mazars
Nicolas Dusson Jean-Claude Pauly

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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 II law of 9 December 2016, the General Meeting of Groupama SA, held on 7 June 2018, approved the conversion of the Company, without creating a new legal person, into a national agricultural reinsurance mutual, a special form of mutual insurance company governed by Articles L. 322-26-4 and L. 322-27 of the French Insurance Code, and adopted the following bylaws:

8.1.2.1 Form (Article 1)

Between the departmental or regional Agricultural Reinsurance Mutuals subscribing to these bylaws now or in the future, a national agricultural reinsurance mutual, a special form of mutual insurance company governed by Articles L. 322-26-4 and L. 322-27 of the French Insurance Code as well as by the provisions of these bylaws, is hereby created in the form of a trade union, in accordance with Article L. 771-1 of the French Rural and Maritime Fishing Code (law of 4 July 1900). Special-purpose Agricultural Reinsurance Mutuals may also subscribe to these bylaws.

8.1.2.2 Purpose (Article 2)

The Company's purpose is as follows:

- › the reinsurance of operations falling under sectors 1 to 18 of Article R. 321-1 of the French Insurance Code carried out by regional or departmental agricultural insurance and reinsurance companies or mutuals;
- › the substitution of agricultural insurance and reinsurance companies and mutuals exempt from administrative approval for the establishment of guarantees provided for by insurance regulation and the execution of insurance commitments assumed by such companies or mutuals, pursuant to Article R. 322-132 of the French Insurance Code;
- › the reinsurance of operations falling under any sector set out in Article R. 321-1 of the French Insurance Code of all insurance or reinsurance companies, of any corporate form, headquartered in France or abroad;

- › engaging in any activities involving outward reinsurance, retrocession or compensation of the risks that it reinsures;
- › being the central body of the network of agricultural insurance and reinsurance companies (hereinafter the "network") within the meaning of Article L. 322-27-1 of the French Insurance Code. In this capacity, it is particularly responsible for:
 - ensuring the cohesion and proper operation of the network,
 - ensuring the application of the legislative and regulatory provisions relating to the organisations within the network,
 - exercising administrative, technical and financial control over the organisation and management of the organisations within the network,
 - setting the strategic guidelines for the network, issuing any appropriate instructions in this regard and ensuring their actual implementation,
 - also taking all necessary measures to ensure solvency and compliance with the commitments of each of the organisations within the network and of the entire Group;
- › facilitating and promoting the activity and development of member mutuals and representing and defending their collective interests at the national and European levels as professional agricultural organisations;
- › holding stakes in France and abroad, specifically in insurance, reinsurance, banking, financial services and related activities; and, more generally, any financial, commercial, manufacturing, civil, real-estate or property-related transactions that might relate directly or indirectly to its corporate purpose and any similar or related purposes.

8.1.2.3 Name (Article 3)

The Company's name is the following: Caisse Nationale de Réassurance Mutuelle Agricole Groupama.

Its common name is "Groupama Assurances Mutuelles".

It is referred to as the "national mutual" in these bylaws.

8.1.2.4 Headquarters (Article 4)

Its headquarters are located at 8–10, rue d'Astorg – 75008, Paris, 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 euros 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.

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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 (65th) birthday, and a member of the Board of Directors shall be deemed to have officially resigned upon completion of the Ordinary General Meeting in the year of his/her sixty-fifth birthday.

(b) Conditions for the election of employee Directors

For each vacant seat on the Board, the method of ballot counting is as provided for in the legal provisions.

The elections may take place over the Internet.

In all cases or for any reason whatsoever, should the number of seats of elected Directors actually filled fall below two before the normal expiry of these Directors' term of office, the vacant seats will remain vacant until such expiry date and until then, the Board of Directors will continue to meet and carry out valid business.

Elections are held every four (4) years, such that a second round may be held no later than fifteen days before normal expiry of the term of office of the outgoing Directors.

The date of the 1st ballot round must be posted at least six weeks before. The list of voters must be posted at least five weeks before the date of the 1st round.

The deadlines for other electoral operations, for each ballot round, are as follows:

- › candidates are to file at least four weeks before the balloting date;
- › the lists of candidates are to be posted at least two weeks before the balloting date;
- › the documents needed for voting by mail, where applicable, are to be posted at least two weeks before the balloting date.

Candidates or lists of candidates may be nominated either by one or more representative trade unions, or by one twentieth of the voters or, if their number is greater than two thousand, by one hundred voters.

The balloting will be carried out on the same dates on all of the national mutual's sites at the workplace and during business hours.

Each voting office consists of three voter members, chaired by the eldest of them. They are responsible for the successful outcome of the voting activities.

Ballots will be counted in the voting office immediately after the close of balloting; the report will be prepared upon completion of the counting.

The reports are immediately transferred to the headquarters of the national mutual, where an office will be established to consolidate the results with a view to preparing the summary report and announcing the results.

Directors elected by employees will assume office during the meeting of the Board of Directors held after the Ordinary General Meeting approving the financial statements for the fiscal year just ended.

The conditions for balloting not defined by Articles L. 225-28, L. 225-29 (first paragraph) and L. 225-30 to L. 225-34 of the French Commercial Code or by these bylaws are set by Executive Management after consultation with the representative 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.

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(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.

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The term of office as member of the Mutual Insurance Advisory Board automatically ceases before the end of six years in the following cases:

- › death, resignation;
- › loss of the position of Chairman of a member mutual in the case of members serving in that position;
- › loss of the capacity as Director of a regional mutual or a decision of the regional mutual to terminate their mandate in the case of members appointed by member metropolitan regional mutuals;
- › the member reaches the age limit; the termination of the term of office shall take effect following the General Meeting of the national mutual held in the year of his/her 65th birthday.

8.1.2.24 Responsibilities and powers of the Mutual Insurance Advisory Board (Article 24)

The Mutual Insurance Advisory Board's responsibilities are to:

- › nominate candidates for the office of Chairman of the Board of Directors of the national mutual;
- › define the general guidelines of the mutual insurance group and to oversee their implementation;
- › define Groupama's positions at the national and European level as an agricultural professional organisation involved in the life of the territories;
- › develop mutual insurance principles within the member mutuals, following an innovative and open approach to the social and economic environment in which Groupama operates;
- › lead actions to promote the Groupama mutual more widely as a professional organisation and a responsible player in the global economy;
- › design, carry out or have carried out, together with the member mutuals, the training of elected representatives, particularly to meet the requirements of the supervisory authority resulting from the provisions of the French Insurance Code.

The Mutual Insurance Advisory Board carries out its missions in the form of opinions, recommendations, and proposals for actions. Their implementation is decided by the competent administrative and management bodies of the national mutual.

In particular, it may propose that the national mutual join or provide financial support to all professional organisations, consortiums or companies of agricultural interest operating in the territories where the member mutuals operate and establish and develop permanent relationships with the professional organisations of different categories of members at the national, European and international level.

For its work, it relies on the resources made available to it by the Executive Management.

8.1.2.25 Organisation and operation of the Mutual Insurance Advisory Board (Article 25)

(a) Chairman of the Mutual Insurance Advisory Board

The Chairman of the Board of Directors serves as ex-officio Chairman of the Mutual Insurance Advisory Board.

The Chairman of the Board of Directors of the national mutual handles is responsible for its ongoing political representation with professional organisations representing the different categories of members, public authorities and administrations, as well as with member mutuals.

The Chairman delegates powers of ongoing political representation to the Deputy Chairman and to the Vice-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 euros without exceeding 100 (one hundred) million euros are entitled to 4 (four) delegates.

Mutuals whose ceded contributions exceed 100 (one hundred) million euros 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.

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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 the 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;

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- › 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).

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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 ⁽¹⁾ 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.

(1) Registration document now a universal registration document.

ADDITIONAL INFORMATION

Company 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 convene any person of the Group likely to offer the committee relevant and useful clarifications for a proper understanding of an issue;
- › must exclude from its discussions non-independent members of the committee for the assessment of points likely to pose ethical problems or conflicts of interest.

Working methods

Members of the Audit and Risk Management Committee will benefit, as of their nomination, from information on the 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.

ADDITIONAL INFORMATION

Company information

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.

ADDITIONAL INFORMATION

Information concerning share capital and principal shareholders

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

Shareholders	Position at 07.06.2018 after mergers and before conversion			Situation at 07.06.2018 before mergers		
	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%
Groupama Holding 2	0	0.00%	0.00%	32,435,200	7.96%	8.42%
Regional mutuals	411,824,587	99.98%	99.95%	0	0.00%	0.00%
Others*	99,484	0.02%	0.05%	99,484	0.02%	0.03%
TOTAL	411,924,071	100.00%	100.00%	407,474,176	100.00%	100.00%

(*) 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 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.

8.2.1.3 Non-equity instruments

On 7 June 2018, the shares held by the 13 Groupama member mutuels were converted into mutual certificates. They now hold 411,824,587 mutual certificates, with a par value of 8.785 euros, funding the initial capital for a total of 3,617,878,996.80 euros.

8.2.1.4 Shares held by the Company or its subsidiaries

Not applicable.

8.2.1.5 Other equity instruments

Not applicable.

8.3 REGULATORY ENVIRONMENT

The Group and Groupama Assurances Mutuelles primarily operate insurance businesses, which are subject to specific regulations and oversight by supervisory authorities in each of the countries where they are carried out. Given that the headquarters of Groupama Assurances Mutuelles, the lead company of the Groupama group, is in France, and the regional mutuals and the main subsidiaries of the Group are also based in France, the Group is mainly regulated by the French prudential control authority (ACPR). Some entities carry out a business subject to the oversight by the French financial markets authority (AMF).

Given the location of the Group's entities, mainly in France and in European Union countries, the regulation of the Group's insurance business is primarily EU-based. Non-EU countries have also adopted specific insurance regulations. These regulations mainly concern the authorisation of insurance companies, solvency rules and the monitoring of compliance with them, shareholders' equity levels, and the distribution of insurance products.

8.3.1 SOLVENCY RULES

The objective of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance, transposed into French law by Order 2015-378 of 2 April 2015, is "to improve consumer protection, modernise supervision, increase market integration, and strengthen the international competitiveness of European insurers". Under this scheme, called "Solvency 2", insurers are responsible for taking into account all types of risks to which they are exposed and managing these risks effectively. In addition, insurance groups are now supervised by a "group supervisor" to better supervise the Group as a whole. The Groupama group is supervised by the ACPR.

One of the main objectives of the Solvency II Directive is to establish a solvency system that is more suited to the actual risks to insurance companies. Solvency 2 therefore focuses not only on a capital requirement calculation but also on the governance system, risk management, risk and solvency assessment *via* ORSA, internal control, internal audits, and the actuarial function.

Solvency 2 is based on a three-pillar structure, similar to that of the Basel 2 agreements for banking businesses:

- › Pillar 1: quantitative requirements regarding technical provisions, the Solvency Capital Requirement, and eligible items;
- › Pillar 2: prudential supervision by supervisory authorities, oversight of governance, internal control, and risk;
- › Pillar 3: public disclosure to improve market discipline.

In terms of the quantitative requirements under Pillar 1, Solvency 2 sets two levels of prudence:

- › the MCR (Minimum Capital Requirement), which corresponds to the amount of own funds that the undertaking must hold at all times, failing which immediate action by the supervisory authority may result in a transfer of the portfolio. The MCR is calculated quarterly;

- › the SCR (Solvency Capital Requirement), which represents the capital requirement. Determination of the SCR requires calculating the impact on own funds at the end of the year of a market, subscription, counterparty default, or operational event occurring once every 200 years. All potentially significant and reasonably quantifiable risks must be taken into account in the capital requirement since all are likely to affect the solvency of the organisation. The SCR can be calculated using a standard formula calibrated uniformly across the European market. The standard formula can be adjusted using undertaking-specific parameters (USP) with the authorisation of the supervisor. Lastly, the SCR can also be calculated using an internal model developed by the insurer with the authorisation of the supervisor.

Pillar 2 defines qualitative risk management objectives and supplements Pillar 1. It enables the supervisory authority to assess the Company's governance system. If there are proven deficiencies in this area, or if certain risks are improperly taken into account or not at all, the supervisor has the option of requiring add-on capital relative to the SCR. Pillar 2 leads companies to implement more efficient risk management through, in particular, the definition of a risk policy, mapping of processes, risks, and controls, a permanent control plan, and specific governance with effective management, composed of at least two effective Managers, and a Manager for each of the four key functions (risk management, compliance verification, internal audit, and actuarial).

8.3.2 DISTRIBUTION OF INSURANCE

All countries in which the Group carries out insurance businesses have regulations in place to protect policyholders, as insurance is a complex service to understand.

At the EU level, the distribution of insurance policies is now regulated by the Insurance Distribution Directive (IDD) of 20 January 2016, transposed in France by way of order and decree in Book V of its Insurance Code, and supplemented by level 2 implementing texts (Commission Implementing Regulation on the duty to advise in life insurance, the standardised insurance product information document (IPIID), conflicts of interest, and product governance) and level 3 implementing texts (FAQ of the EIOPA and the European Commission).

The aim of these texts is to strengthen the protection of insurance consumers and to standardise the rules applicable to all insurance distributors (insurance intermediaries and salespeople of insurance companies).

Their scope concerns:

- › all insurance networks (brokers, general agents, insurance agents, and salespeople of insurance companies);
- › all types of products (non-life and life) excluding major risks, with provisions common to non-life and life insurance and provisions specific to life insurance (insurance investment products);
- › all types of customers (individuals, professionals, and companies excluding major risks);
- › all marketing methods (face-to-face, home, and distance selling, including Internet and comparison tools).

The obligations incumbent on distributors, including insurance companies, relate to the following aspects:

- › the duty to advise and pre-contractual information to be communicated to the customer;
- › product governance and monitoring;
- › the compensation of distribution networks, as the network compensation policy must not run counter to their obligation to act in the best interests of customers and to make a recommendation appropriate for the needs and expectations of customers;
- › training of insurance distributors;
- › conflict of interest prevention, for insurance investment products only, which consists in taking all reasonable measures to detect and prevent conflict of interest situations from adversely affecting the interests of customers.

8.3.3 REGULATORY FRAMEWORK FOR PERSONAL DATA PROTECTION

The General Data Protection Regulation (GDPR) was transposed in France by law 2018-493 on personal data protection, which entered into force on 25 May 2018, and by various implementing measures. It provides a regulatory framework for the protection of the personal data of individuals established in the territory of the European Union. It therefore applies to any organisation, whether established in EU territory or not, that accesses, uses, or transfers personal data of EU nationals. This applies to all insurance and service companies of the Group directly dealing with EU nationals.

This EU regulation builds on the historical national regulatory frameworks of the various EU countries, where they existed before 2018. The GDPR has several objectives: Provide a standard legal framework applicable throughout the European Union, facilitate data transfers between Member States, strengthen the fundamental rights of individuals to control their personal data, with greater transparency as to how such data are used, make companies accountable through probation measures to ensure their compliance at all times, give credibility to the regulation by allowing the supervisory authorities to impose sanctions of up to 4% of a Group's global revenue.

The GDPR also provides for some adaptability of its articles, at the hands of the national protection authorities, to allow the specific features of national legal frameworks of the member countries to be integrated. Furthermore, although the GDPR aims to facilitate data exchange between Member States, it provides a very strict framework for transfers of personal data outside the EU Member States. This aspect was further strengthened following the July 2020 ECJ "Schrems2" ruling invalidating the existing EU-US Privacy Shield. As such, any transfer of data to a non-EU country that has not been the subject of a decision by the European Commission as to whether that country has an adequate level of data protection, requires organisations to conduct very precise assessments of the characteristics of the non-EU country with regard to the presented risks for the fundamental rights of the persons for whom their data are transferred. This reinforcement of control will have an impact on the choice of the location of data processors and partners with which Group companies can exchange data.

8.3.4 ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM

The EU financial system is subject to specific obligations to combat money laundering and terrorist financing (AML/CFT). At the EU level, these obligations have resulted from five successive directives since 1991. The Directive of 30 May 2018 amending the Directive of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing, known as the "Fifth Directive", was transposed by the order of 12 February 2020. It strengthens and complements the existing system and the obligations imposed on regulated professionals.

Provisions are also applicable with regard to the freezing of assets and the prohibition of the provision of funds or economic resources.

The AML/CFT systems of international subsidiaries may vary according to national legislation and, for those established in the European Union, according to the transposition of the directives on the subject. In groups, French regulations require parent companies to define at the Group level an internal organisation and procedures taking into account the assessment of money laundering and terrorist financing (ML/FT) risks and to ensure that this organisation and these procedures are deployed by their international subsidiaries, taking into account their specific characteristics and the ML/FT risks to which they are exposed.

The Group's regulated companies, including insurance companies, are subject to obligations to assess their ML/FT risks, conduct customer due diligence measures, and report suspicious transactions. They must be equipped with appropriate tools and control mechanisms as well as sufficient physical and human resources to enable these obligations to be effectively implemented.

The system of supervision and sanctions for regulated professionals has been strengthened. In France, the ACPR is responsible for monitoring compliance with these obligations for the financial sector and has the power to impose sanctions.

8.3.5 ACCOUNTING STANDARDS

In addition to the national accounting standards to which each of the Group's entities is subject, the Group has applied since 2005 the provisions of the International Financial Reporting Standards (IFRS) and the interpretations applicable to the closing of accounts as adopted by the European Union. The main methods of their application by Groupama Assurances Mutuelles are described in the notes the consolidated and combined financial statements (for the consolidated financial statements, see paragraph 7.1.6-point 2 of this universal registration document).

The consolidated financial statements of Groupama Assurances Mutuelles cover the scope of Groupama Assurances Mutuelles and its subsidiaries and incorporate the reinsurance ceded by the regional mutuals. The combined financial statements relate to the Groupama group and include all local mutuals, regional mutuals, Groupama Assurances Mutuelles and its subsidiaries.

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.

ADDITIONAL INFORMATION

Regulatory environment

However, no IFRS standard specifically deals with the methods for aggregating the financial statements of entities forming the Mutual Insurance Division (local mutuals and regional mutuals). The Group has therefore adopted the combination rules defined in section VI of Regulation no 2000-05 of the Accounting Regulatory Committee related to the rules for consolidation and combination of companies governed by the French Insurance Code and provident institutions governed by the French Social Security Code or by the French Rural Code. This choice was made in accordance with the judgement criteria of Article 10 of IAS 8 (on the selection and application of accounting policies in the absence of a standard or an interpretation that is specifically applicable) owing to the characteristics of Groupama's Mutual Insurance Division.

The Group has opted to defer the application of IFRS 9 "Financial Instruments" and its amendment "Prepayment Features with Negative Compensation" in accordance with the amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" and "Extension of the temporary exemption from applying IFRS 9", which allows groups whose main business is insurance to postpone the application of IFRS 9 at the latest until the annual periods beginning on or after 1 January 2023. The Group meets the eligibility criteria defined in the amendment to defer the application of IFRS 9.

IFRS 17 on insurance policies, published by the IASB in May 2017 and intended to replace the current IFRS 4, and its amendment published in June 2020 have 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 takes into account the postponement of the effective date of IFRS 17 and IFRS 9 to 1 January 2023.

8.3.6 OTHER REGULATIONS

Beyond the regulations specific to insurance or the financial sector, the Group's entities, like any economic agent, must comply with the general regulations applicable in the country where they operate.

In this regard, it should be noted that the law on transparency, the fight against corruption, and the modernisation of economic life, known as "Sapin 2", has required large companies, since 1 June 2017, to establish a prevention, detection, and management system to combat corruption and trading in influence in France or abroad, under penalty of administrative or criminal sanctions.

In connection with this, the Group implemented an anti-corruption programme including risk mapping, a process for evaluating customers and third parties, a monitoring and training programme, and a Code of Conduct for employees.

8.4 PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT, FINANCIAL DISCLOSURES, AND FOR AUDITING THE FINANCIAL STATEMENTS

8.4.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Thierry Martel, Chief Executive Officer of Groupama Assurances Mutuelles.

8.4.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

I hereby declare 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 that 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 and that it describes the principal risks and uncertainties they face.

Paris 23 April 2021

Chief Executive Officer

Thierry Martel

8.4.3 PERSON RESPONSIBLE FOR THE FINANCIAL DISCLOSURE

› Cyril Roux

Deputy Managing Director

8.4.4 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

8.4.4.1 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 Nicolas Dusson and Jean-Claude Pauly

Tour Exaltis

61, rue Henri Régnauld

92400 Courbevoie

8.5 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 (Tel: 01.44.56.77.77).

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.

8.6 GLOSSARY

■ 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.

■ 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.

■ 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.).

■ 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.

■ Guaranteed-rate policy

Policy under which the insurer promises under contract to pay interest on the capital built up at a certain rate.

■ Long-term care policy

Policy designed to cover the risk of the loss of independence by the elderly.

■ Policy in euros

Insurance policy under which the redemption value or the benefit paid by the insurer is expressed in euros.

■ Unit-linked policy

Insurance policy for which the redemption value and the benefit paid by the insurer are expressed not in euros but in another unit of value, generally in the number of mutual fund units or shares. As such, the exchange value in euros of the insurer's commitment depends on changes in the securities comprising the mutual fund on the financial markets.

■ Multi-vehicle policy

Insurance policy whose redemption value or the benefit 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).

■ Duration

The duration of a bond corresponds to the average duration of the funds generated by it weighted by their present values. This approximates the sensitivity of the bond's value to yield curve translations. By extension, the duration of any sequence of flows, and in particular that of insurance liabilities, can be calculated from their projections.

■ Statutory solvency margin

Minimum risk cover related to the insurance business required by oversight agencies to protect the interests of policyholders.

■ Profit sharing

In life insurance and capitalisation, insurance companies include their policyholders in their earnings through redistribution.

■ Actuarial reserves

Amounts that the insurer must record as liabilities on its balance sheet, corresponding to its commitments to policyholders.

■ Combined ratio

The combined ratio is the sum of the all-years loss experience and the rate of operating costs.

The all-years net loss experience is the ratio between underwriting expenses for all years, gross of reinsurance, plus the reinsurance balance and earned premiums, gross of reinsurance.

The rate of operating costs is the ratio between operating general expenses and earned premiums, gross of reinsurance.

■ Economic operating income

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

■ Run-off

Discontinued operations for which the premium income consists exclusively of periodic premiums associated with old subscriptions.

8.7 CONCORDANCE TABLES

8.7.1 CONCORDANCE TABLE WITH THE HEADINGS REQUIRED BY EU REGULATION NO 2019/980

This concordance table reproduces the headings provided for in Appendices 1 and 2 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.

Headings in Appendices 1 and 2 to Delegated Regulation 2019/980		Pages
1.	Persons responsible, third-party information, experts' reports, and competent authority approval	
1.1	Identification of persons responsible	333
1.2	Declaration by persons responsible	333
1.3	Statement or report attributed to a person as an expert	Not applicable
1.4	Information from third parties	Not applicable
1.5	Statement of approval of the registration document by the competent authority	1
2.	Statutory auditors	
2.1	Name and address of statutory auditors and their membership in a professional body	333
2.2	Resignation, removal, or non-reappointment of statutory auditors	Not applicable
3.	Risk factors	106 to 112 and 246 to 261
4.	Information about the issuer	
4.1	Legal and commercial name	310
4.2	Place of registration, registration number, and legal entity identifier (LEI)	310
4.3	Date of incorporation and length of life	310
4.4	Issuer's domicile, legal form, the legislation under which the issuer operates, its country of incorporation, the address and telephone number of its registered office, and its website	1, 310 and 334
5.	Business overview	
5.1	Main businesses	
5.1.1	Nature of operations and principal activities	20 to 28, 107 to 108, 118 to 133 and 223 to 224
5.1.2	New products and/or services	20 to 28, 107 to 108, 118 to 133 and 223 to 224
5.2	Principle markets	20 to 28, 118 to 133 and 223 to 224
5.3	Important events in the development of businesses	107 to 110
5.4	Strategy and objectives	12 and 13
5.5	Dependence on patents, licences, industrial, commercial, or financial contracts, or new manufacturing processes	Not applicable
5.6	The basis for any statement made by the issuer regarding its competitive position	20 to 28
5.7	Investments	
5.7.1	Material investments	116 to 118, 154 to 155 and 278 to 279
5.7.2	Material investments of the issuer that are in progress or for which firm commitments have already been made	Not applicable
5.7.3	Significant joint ventures and undertakings	263 to 266
5.7.4	Environmental issues that may affect the issuer's utilisation of the tangible fixed assets	Not applicable

Headings in Appendices 1 and 2 to Delegated Regulation 2019/980		Pages
6.	Organisational structure	
6.1	Brief description of the Group and the issuer's position within the Group	6 to 8
6.2	List of major subsidiaries	7 and 263 to 266
7.	Review of financial position and earnings	
7.1	Financial position	118 to 133 and 142 to 143
7.2	Operating earnings	
7.2.1	Significant factors materially affecting income from operations	118 to 133
7.2.2	Reasons for material changes in net sales or revenues	118 to 133
8.	Capital resources	
8.1	Information concerning the issuer's capital resources	133, 142 to 143 and 150
8.2	Source and amount of cash flows	133, 142 to 143 and 151
8.3	Information on the borrowing requirements and funding structure	133, 142 to 143 and 211
8.4	Information regarding any restrictions on the use of capital resources that have materially affected or could materially affect the issuer's operations	Not applicable
8.5	Sources of funding expected to honour commitments	142 to 143 and 211
9.	Regulatory environment	109, 206, 259 to 261 and 330 to 332
10.	Trend information	
10.1	The most significant recent trends in production, sales, and inventory and costs and selling prices	
(a)		118 and 139
10.1	Significant changes in the financial performance of the Group between 31 December 2020 and the date of the universal registration document	
(b)		118 and 139
10.2	Trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on the issuer's prospects or of which the issuer is aware	118 and 139
11.	Profit forecasts or estimates	
11.1	Inclusion of a profit forecast or a profit estimate in the registration document	Not applicable
11.2	Assumptions on which the issuer based its forecast or estimate	Not applicable
11.3	Statement that the profit forecast or estimate has been compiled and prepared on a basis which is both: (a) comparable with the historical financial information and (b) consistent with the issuer's accounting policies	Not applicable
12.	Administrative, management, and supervisory bodies and executive management	
12.1	Board of Directors and senior management	30 to 48 and 319 to 327
12.2	Conflicts of interest in the administrative, management and supervisory bodies and the executive management	55
13.	Compensation and benefits	
13.1	Compensation and in-kind benefits paid	56 and 57, 232 and 303
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14.1	Date of expiration of the current terms of office	31 to 45 and 54 to 55
14.2	Service contracts between members of the managing bodies and the issuer or any of its subsidiaries	55
14.3	Information on the operating methods of the corporate governance bodies	46 to 52 and 319 to 327
14.4	Compliance with the applicable corporate governance regime	46 and 47
14.5	Potential material impacts on corporate governance	30

ADDITIONAL INFORMATION

Concordance tables

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15. Employees		
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15.2	Shareholdings and stock options	Not applicable
15.3	Arrangements for involving the employees in the capital of the issuer	Not applicable
16. Major shareholders		
16.1	Identification of major main shareholders	328
16.2	Voting rights of the major shareholders	Not applicable
16.3	Ownership and control of the issuer	Not applicable
16.4	Arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	Not applicable
17. Related-party transactions		8, 65 to 67 and 237 to 244
18. Financial information concerning the issuer's assets and liabilities, financial position, and profits and losses		
18.1	Historical financial information	146 to 266 and 271 to 304
18.2	Interim financial and other information	Not applicable
18.3	Auditing of historical annual financial information	
18.3.1	Audit report prepared in accordance with Directive 2014/56/EU and Regulation (EU) No. 537/2014	267 to 270 and 305 to 308
18.3.2	Other information audited by the statutory auditors	Not applicable
18.3.3	Source of financial information not extracted from the issuer's audited financial statements	Not applicable
18.4	<i>Pro forma</i> financial information	Not applicable
18.5	Dividend policy	
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19.1.5	Information on the conditions governing any right of acquisition and/or any obligation attached to the subscribed capital	Not applicable
19.1.6	Information on the share capital of any Group member subject to an option	Not applicable
19.1.7	History of the share capital over the past three years	328 and 329
19.2	Memorandum and Articles of Association	
19.2.1	Corporate purpose	310
19.2.2	Rights, preferences, and restriction attaching to shares	312 and 318
19.2.3	Provisions that would have an effect of delaying, deferring, or preventing a change in control of the issuer	Not applicable
20. Material contracts		65 and 239 to 244
21. Available documents		334

8.7.2 CONCORDANCE TABLE WITH THE DISCLOSURES REQUIRED IN THE ANNUAL FINANCIAL REPORT

Disclosures required in the annual financial report	Page number of the registration document
1. Declaration by the person responsible for the universal registration document	333
2. Management report	
2.1 Analysis of the results, financial position, risks, and list of delegations of authority relating to increasing the capital of the parent company and of the consolidated entity (Articles L. 225-100 and L. 225-100-2 of the French Commercial Code)	114 to 139
2.2 Information required by Article L. 225-100-3 of the French Commercial Code on factors liable to have an effect in the event of a public offering	Not applicable
2.3 Information on share buybacks (Article L. 225-211, paragraph 2 of the French Commercial Code)	Not applicable
3. Financial statements	
3.1 Annual financial statements	271 to 304
3.2 Statutory auditors' report on the annual financial statements	305 to 308
3.3 Consolidated financial statements	146 to 266
3.4 Statutory auditors' report on the consolidated financial statements	267 to 270



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