



COMBINED FINANCIAL STATEMENTS

GROUPAMA
30 June 2019
IFRS

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FINANCIAL STATEMENTS

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

ASSETS		30/06/2019	31/12/2018
Goodwill	Note 2	1,905	1,908
Other intangible assets		316	309
Intangible assets		2,221	2,217
Investment property excluding unit-linked items	Note 4	1,208	1,172
Unit-linked investment property	Note 7	109	110
Operating property	Note 5	1,056	795
Financial investments excluding unit-linked items	Note 6	76,751	74,091
Unit-linked financial investments	Note 7	9,869	8,935
Derivatives and separate embedded derivatives	Note 8	133	114
Insurance business investments		89,126	85,217
Funds used in banking sector activities and investments of other business activities		88	112
Investments in related companies and joint ventures		506	485
Share of outward reinsurers and retrocessionaires in liabilities relating to insurance and financial contracts	Note 9	1,098	1,154
Other property, plant and equipment		272	256
Deferred acquisition costs		286	256
Deferred profit-sharing assets			
Deferred tax assets	Note 10	30	39
Receivables arising from insurance and inward reinsurance operations	Note 11	4,597	2,614
Receivables from outward reinsurance operations		91	167
Current tax receivables and other tax receivables		141	293
Other receivables		2,417	2,669
Other assets		7,834	6,294
Assets held for sale and discontinued business activities	Note 3	154	150
Cash and cash equivalents		1,669	1,204
TOTAL		102,696	96,833

The notes on pages 12 to 55 are an integral part of the combined financial statements.

GROUPAMA
COMBINED BALANCE SHEET (in millions of euros)

EQUITY & LIABILITIES		30/06/2019	31/12/2018
Equity or equivalent funds		600	572
Revaluation reserves	Note 12	1,994	1,285
Perpetual subordinated debts categorised as shareholders' equity		1,099	1,099
Other reserves		6,410	6,016
Foreign exchange adjustments		(497)	(538)
Combined income		106	450
Shareholders' equity (Group share)		9,711	8,884
Non-controlling interests		15	14
Total shareholders' equity		9,726	8,897
Reserves for contingencies and charges		597	598
Financing debts	Note 13	1,640	1,639
Technical liabilities relating to insurance policies	Note 14	63,790	60,380
Technical liabilities relating to financial contracts	Note 15	12,351	12,643
Deferred profit-sharing liabilities	Note 16	5,380	3,804
Resources from banking sector businesses		3	7
Deferred tax liabilities	Note 10	256	73
Debts to unit holders of consolidated mutual funds		115	113
Operating debts to banking sector companies		80	94
Debts arising from insurance or inward reinsurance operations		660	903
Debts arising from outward reinsurance operations		297	313
Current taxes payable and other tax liabilities		280	164
Derivative instrument liabilities	Note 8	653	601
IFRS 16 rent liabilities	Note 17	280	
Other debts		6,589	6,603
Other liabilities		9,210	8,865
Liabilities of held-for-sale or discontinued businesses	Note 3		
TOTAL		102,696	96,833

The notes on pages 12 to 55 are an integral part of the combined financial statements.

GROUPAMA
COMBINED INCOME STATEMENT (in millions of euros)

INCOME STATEMENT		30/06/2019	30/06/2018
Written premiums	Note 18	9,377	9,399
Change in unearned premiums		(2,273)	(2,308)
Earned premiums		7,104	7,091
Net banking income, net of cost of risk		75	80
Investment income		1,169	1,174
Investment expenses		(374)	(390)
Capital gains or losses from divestments net of impairment and depreciation write-backs		106	210
Change in fair value of financial instruments recorded at fair value through income		941	(10)
Change in impairment on investments		(8)	(1)
Investment income net of expenses	Note 19	1,834	983
Total income from ordinary businesses		9,013	8,154
Insurance policy servicing expenses	Note 20	(6,774)	(5,788)
Income on outward reinsurance	Note 21	78	(21)
Expenses on outward reinsurance	Note 21	(246)	(282)
Net outward reinsurance income and expenses		(6,941)	(6,091)
Banking operating expenses		(54)	(51)
Policy acquisition costs		(980)	(956)
Administrative costs		(265)	(236)
Other current operating income and expenses		(434)	(446)
Total other current income and expenses		(8,674)	(7,779)
CURRENT OPERATING INCOME		339	375
Other non-current operating income and expenses		(32)	1
OPERATING INCOME		307	376
Financing expenses	Note 22	(50)	(40)
Share in income of related companies		(26)	(20)
Corporate income tax	Note 23	(123)	(89)
NET INCOME FROM CONTINUING BUSINESSES		107	227
Net income from discontinued or held-for-sale businesses	Note 3		(20)
OVERALL NET INCOME		107	206
of which, non-controlling interests			
OF WHICH, NET INCOME (GROUP SHARE)		106	206

The notes on pages 12 to 55 are an integral part of the combined financial statements.

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

NET INCOME AND GAINS AND LOSSES RECOGNISED IN SHAREHOLDERS' EQUITY	30/06/2019			30/06/2018		
	Group share	Non-controlling interests	Total	Group share	Non-controlling interests	Total
Net income for fiscal year	106		107	206		206
Gains and losses recognised directly in shareholders' equity						
Items recyclable to income						
Change in foreign exchange adjustments	41		41	(29)		(29)
Change in gross unrealised capital gains and losses on available-for-sale assets	2,519	8	2,527	(900)	(5)	(905)
Revaluation of hedging derivatives						
Change in shadow accounting	(1,570)	(6)	(1,575)	561	3	564
Change in deferred taxes	(241)		(241)	107	1	108
Other changes	1		1	(1)		(1)
Items not recyclable to income						
Restatement of net actuarial debt from pension commitments (defined-benefit schemes)	(26)		(26)	24		24
Change in deferred taxes	7		7	(8)		(8)
Other changes						
Total gains (losses) recognised directly in shareholders' equity	732	2	734	(247)	(1)	(248)
Net income and gains (losses) recognised in shareholders' equity	838	2	840	(41)	(1)	(42)

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

The notes on pages 12 to 55 are an integral part of the combined financial statements.

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Equity or equivalent funds	Net income	Subordinated instruments	Consolidated reserves	Revaluation reserves	Foreign exchange adjustment	Equity attributable to owners of the Company	Non-controlling interests	Total shareholders' equity
Shareholders' equity as of 31/12/2017	468	292	1,099	5,773	1,780	(500)	8,912	13	8,926
Allocation of 2017 income (loss)		(292)		292					
Dividends ⁽¹⁾				(57)			(57)		(57)
Change in capital ⁽²⁾	104						104		104
Business combinations								2	2
Other									
Impact of transactions with shareholders	104	(292)		235			48	2	50
Foreign exchange adjustments						(38)	(38)		(38)
Available-for-sale assets					(2,005)		(2,005)	(10)	(2,015)
Shadow accounting					1,269		1,269	6	1,275
Deferred taxes				(8)	240		232	1	233
Actuarial gains (losses) of post-employment benefits				23			23		23
Other				(7)			(7)		(7)
Net income for fiscal year		450					450		450
Total income (expenses) recognised over the period		450		8	(496)	(38)	(76)	(2)	(78)
Total changes over the period	104	158		243	(496)	(38)	(28)	0	(28)
Shareholders' equity as of 31/12/2018	572	450	1,099	6,016	1,285	(538)	8,884	14	8,897
Allocation of 2018 income (loss)		(450)		450					
Dividends				(38)			(38)	(1)	(39)
Change in capital	27						27		27
Business combinations									
Other									
Impact of transactions with shareholders	27	(450)		412			(10)	(1)	(11)
Foreign exchange adjustments						41	41		41
Available-for-sale assets					2,519		2,519	8	2,527
Shadow accounting					(1,570)		(1,570)	(6)	(1,575)
Deferred taxes				7	(241)		(234)		(234)
Actuarial gains (losses) of post-employment benefits				(26)			(26)		(26)
Other				1			1		1
Net income for fiscal year		106					106		107
Total income (expenses) recognised over the period		106		(18)	709	41	838	2	840
Total changes over the period	27	(344)		394	709	41	828	1	829
Shareholders' equity as of 30/06/2019	600	106	1,099	6,410	1,994	(497)	9,711	15	9,726

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

The notes on pages 12 to 55 are an integral part of the combined financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Equity or equivalent funds	Net income	Subordinated instruments	Consolidated reserves	Revaluation reserves	Foreign exchange adjustment	Equity attributable to owners of the Company	Non-controlling interests	Total shareholders' equity
Shareholders' equity as of 31/12/2017	468	292	1,099	5,773	1,780	(500)	8,912	13	8,926
Allocation of 2017 income (loss)		(292)		292					
Dividends				(34)			(34)		(34)
Change in capital	68						68		68
Business combinations								2	2
Other									
Impact of transactions with shareholders	68	(292)		258			34	2	36
Foreign exchange adjustments						(29)	(29)		(29)
Available-for-sale assets					(900)		(900)	(5)	(905)
Shadow accounting					561		561	3	564
Deferred taxes				(8)	107		99	1	100
Actuarial gains (losses) of post-employment benefits				24			24		24
Other				(1)			(1)		(1)
Net income for fiscal year		206					206		206
Total income (expenses) recognised over the period		206		14	(232)	(29)	(41)	(1)	(42)
Total changes over the period	68	(86)		272	(232)	(29)	(7)	1	(6)
Shareholders' equity as of 30/06/2018	536	206	1,099	6,045	1,548	(529)	8,905	14	8,920

GROUPAMA
CASH FLOW STATEMENT (in millions of euros)

CASH FLOW STATEMENT	
Cash and cash equivalents	1,204
Receivables on credit institutions from financial business activities	23
Operating debts to banking sector companies	(94)
Cash and cash equivalents at 1 January 2019	1,133
Cash and cash equivalents	1,669
Receivables on credit institutions from financial business activities	17
Operating debts to banking sector companies	(80)
Cash and cash equivalents at 30 June 2019	1,606

The notes on pages 12 to 55 are an integral part of the combined financial statements.

The cash flow statement is presented following the indirect method in accordance with the presentation recommended by the French accounting standards authority (ANC) in Recommendation no. 2013-R-05 of 7 November 2013.

CASH FLOW STATEMENT	30/06/2019	30/06/2018
Operating income before taxes	307	376
Capital gains/losses on divestments	(35)	(198)
Net allocations to amortisation and depreciation	116	101
Change in deferred acquisition costs	(31)	(68)
Change in impairment	(48)	11
Net allocations to technical liabilities relating to insurance policies and financial contracts	3,208	2,418
Net allocations to other reserves	(20)	(42)
Change in fair value of financial instruments and investments recognised at fair value through income (excluding cash and cash equivalents)	(941)	10
Other non-cash items included in operating income	68	28
Correction of elements included in the operating income other than cash flows and reclassification of investment and financing flows	2,315	2,262
Change in operating receivables and payables	(1,915)	(1,869)
Change in banking operating receivables and payables	13	16
Change in repo and reverse-repo securities	56	(127)
Cash flows from other assets and liabilities	(73)	(139)
Net tax paid	17	(64)
Net cash flows from operations	720	456
Acquisitions/divestments of subsidiaries and joint ventures, net of cash acquired/disposed		52
Stakes in related companies acquired/divested	(42)	(28)
Cash flows due to changes in scope of consolidation	(42)	24
Net acquisitions of financial investments (including unit-linked investments) and derivatives	(98)	73
Net acquisitions of investment property	(17)	(22)
Net acquisitions and/or issues of investments and derivatives relating to other businesses		
Other non-cash items	123	83
Cash flows from acquisitions and issues of investments	8	134
Net acquisitions of property, plant and equipment, intangible fixed assets and operating property	(430)	(147)
Cash flows from acquisitions and disposals of property, plant and equipment and intangible fixed assets	(430)	(147)
Net cash flows from investment	(463)	12
Membership fees		
Issue of capital instruments	27	69
Redemption of equity instruments ⁽²⁾		
Transactions involving own shares		
Dividends paid ⁽¹⁾	(39)	(34)
Cash flows from transactions with shareholders and members	(11)	35
Cash allocated to financing liabilities ⁽²⁾		(8)
Interest paid on financial debt	(50)	(40)
Cash generated by IFRS 16 rent liabilities	280	
Cash flows from group financing	230	(48)
Net cash flows from financing	218	(13)
Cash and cash equivalents at 1 January	1,133	942
Net cash flows from operations	720	456
Net cash flows from investment	(463)	12
Net cash flows from financing	218	(13)
Cash flows from sold or discontinued assets and liabilities		
Effect of foreign exchange changes on cash	(2)	(3)
Cash and cash equivalents at 30 June	1,606	1,394

⁽¹⁾ They equate in particular to payment for subordinated securities classified in equity under IFRS.

⁽²⁾ Movements relating to financing activities are detailed in Notes 12.2 and 13.1.

The notes on pages 12 to 55 are an integral part of the combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. SIGNIFICANT EVENTS AND POST-BALANCE SHEET EVENTS

Significant events

Financial Strength

Financial rating

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

Business activities

Partnerships

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

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

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

POST-BALANCE SHEET EVENTS

Acquisition

Groupama Zhivotozastrahovane, the Bulgarian subsidiary of Groupama Assurances Mutuelles, signed a contract on 10 July 2019 for the acquisition of 100% of the shares of the Express Life Insurance, which belongs to DSK Bank, the Bulgarian subsidiary of OTP Bank. The financial close of the transaction is expected to occur in the last quarter of 2019, after regulatory approvals have been obtained.

2. COMBINATION PRINCIPLES, METHODS, AND SCOPE

2.1. EXPLANATORY NOTE

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

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

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

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

The combined financial statements relate to the Groupama Group and include all local mutuals, regional mutuals, Assurances Mutuelles, and its subsidiaries.

The company's activities 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.

The list of entities included in the scope of the Group's combined financial statements and the changes in this scope appear in note 24 to the financial statements.

The combined financial statements at 30 June 2019 were approved by the Board of Directors, which met on 29 August 2019.

2.2. ACCOUNTING PRINCIPLES

The Group's combined financial statements at 30 June 2019 were prepared in accordance with the International Financial Reporting Standards and interpretations applicable as of 30 June 2019 as adopted by the European Union and in particular in accordance with IAS 34 on interim financial information.

They were prepared according to accounting principles consistent with those applied for the combined financial statements at 31 December 2018 for the standards and interpretations already existing as of that date, which have not changed since then, with the main exception of IAS 17, which was replaced by IFRS 16, the principles of which are described below. They must be read together with the combined financial statements at 31 December 2018.

All standards and interpretations that are mandatory for fiscal years starting on or after 1 January 2019 were applied when producing the Group's financial statements at 30 June 2019. They have had no significant effect on the Group's financial statements at 30 June 2019 for the following standards and interpretations:

- Amendment to IAS 28: Long-term interests in associates and joint ventures;
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement;
- IFRIC 23: Uncertain tax positions.

The mandatory application of IFRS 16 "Leases" since 1 January 2019 modifies the accounting treatment of leases entered into by the group as a tenant. All leases must now be recorded in the balance sheet, with the recognition of an asset representing the right to use the leased asset during the term of the contract and a liability for the rent payment obligation. In the income statement, an amortisation expense for the right to use the asset and a financial expense relating to interest on rent liabilities partially replace the operating expense previously recorded for rent.

In accordance with the exemptions provided for in the standard, the Group has chosen not to apply IFRS 16 to contracts with a maturity of less than 12 months and to contracts involving low-value assets. For these contracts, the Group continues to record rent in expenses.

The Group has chosen not to present the rights of use relating to leases on a separate line of the balance sheet but to aggregate them in the fixed-asset lines corresponding to the underlying assets: "Operating property" and "Other plant, property and equipment". IFRS 16 rent liabilities are presented on a separate line in the balance sheet: "IFRS 16 rental liabilities".

The Group chose to apply the simplified retrospective approach under IFRS 16 on the date of first application, 1 January 2019, without restatement of comparative periods using the following simplification measures provided for in the standard on transition:

- use of a discount rate unique to a portfolio of contracts with relatively similar characteristics;
- exclusion of contracts with a residual duration of less than 12 months;
- non-consideration of initial direct costs.

The discount rates applied at the transition date are based on the Group's marginal borrowing rate plus a spread to take into account the economic environments specific to each lessee country.

Due to the use of the simplified retrospective method, the application of IFRS 16 has no impact on the Group's opening shareholders' equity at 1 January 2019. In terms of the impact of the standard on the presentation of the balance sheet, the amounts of the rental liability and the right of use recognised at 1 January 2019 both amount to €273 million.

The difference between the amount of rental liability recognised at 1 January 2019 and the amount of commitments arising from operating leases presented under IAS 17 at 31 December 2018 corresponds to the discounting of these commitments and to the fact that the commitments identified at 31 December 2018 of €376 million correspond to all property lease commitments, including those for which a simplification measure was applied at the transition.

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

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

IFRS 17 on insurance contracts, published in May 2017 by the IASB and intended to replace the current IFRS 4, has not yet been adopted by the European Union. Work to identify problems in implementing this standard and its impact on the combined financial statements is currently in progress. This work is being carried out in conjunction with the IFRS 9 impact analysis and includes the IASB's provisional decision from November 2018 to defer the entry into force of both IFRS 17 and IFRS 9 by one year to 1 January 2022.

In order to prepare the Group's financial statements in accordance with IFRS, Groupama's management must make assumptions and estimates that have an impact on the amount of assets, liabilities, income, and expenses as well as on the drafting of the related notes. Final future results of operations for which estimates were necessary may prove to be different and may result in an adjustment to the financial statements.

In the preparation of the half-yearly combined financial statements, the judgements made by management in applying the Group's accounting principles pertain to the same items of the financial statements as in the combined financial statements for the fiscal year ended 31 December 2018.

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

3. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SEGMENT REPORTING

NOTE 1.1 – SEGMENT REPORTING BY OPERATING SEGMENT

In millions of euros	30/06/2019			31/12/2018		
	France	International	Total	France	International	Total
Intangible assets	937	1,284	2,221	922	1,295	2,217
Insurance business investments	81,695	7,431	89,126	78,379	6,838	85,217
Funds used in banking sector activities and investments of other business activities	88		88	112		112
Investments in related companies and joint ventures	358	147	506	347	138	485
Share of outward reinsurers and retrocessionaires in liabilities relating to insurance and financial contracts	998	100	1,098	1,054	101	1,154
Other assets	7,185	649	7,834	5,461	833	6,294
Assets held for sale and discontinued business activities	154		154	150		150
Cash and cash equivalents	1,545	124	1,669	1,074	130	1,204
Consolidated total assets	92,962	9,735	102,696	87,499	9,335	96,833
Reserves for contingencies and charges	524	74	597	525	73	598
Financing debts	1,640		1,640	1,639		1,639
Technical liabilities relating to insurance policies	59,110	4,679	63,790	55,744	4,636	60,380
Technical liabilities relating to financial contracts	10,420	1,930	12,351	10,751	1,892	12,643
Deferred profit-sharing liabilities	5,267	113	5,380	3,746	57	3,804
Resources from banking sector businesses	3		3	7		7
Other liabilities	8,933	277	9,210	8,625	239	8,865
Liabilities of business activities due to be sold or discontinued						
Total consolidated liabilities excluding shareholders' equity	85,897	7,073	92,970	81,038	6,898	87,936

NOTE 1.2 – SEGMENT REPORTING BY BUSINESS

In millions of euros	30/06/2019									
	France					International				Total
	Property and casualty insurance	Life and health insurance	Banking and finance business	Holding company	Total	Property and casualty insurance	Life and health insurance	Holding	Total	
Earned premiums	2,871	3,113			5,984	773	347		1,120	7,104
Net banking income, net of cost of risk			75		75					75
Investment income	113	930		14	1,057	56	54	2	112	1,169
Investment expenses	(55)	(278)		(14)	(348)	(17)	(9)		(27)	(374)
Capital gains or losses from divestments net of impairment and depreciation write-backs	38	57		10	105	1			1	106
Change in fair value of financial instruments recorded at fair value through income	15	884		(7)	891	1	49		50	941
Change in impairment on investments	(5)	(3)			(8)					(8)
Total income from ordinary businesses	2,976	4,703	75	3	7,757	813	441	2	1,255	9,013
Insurance policy servicing expenses	(1,888)	(3,951)			(5,839)	(578)	(357)		(935)	(6,774)
Income on outward reinsurance	13	56			69	8	1		9	78
Expenses on outward reinsurance	(161)	(61)			(223)	(24)	1		(23)	(246)
Banking operating expenses			(54)		(54)					(54)
Policy acquisition costs	(471)	(293)			(765)	(166)	(50)		(216)	(980)
Administrative costs	(119)	(82)			(201)	(44)	(19)		(63)	(265)
Other current operating income and expenses	(167)	(143)	1	(75)	(385)	(42)	(6)	(1)	(49)	(434)
CURRENT OPERATING INCOME	182	228	23	(72)	361	(33)	9	1	(22)	339
Other operating income and expenses	(22)			(2)	(24)	(6)	(2)		(8)	(32)
OPERATING INCOME	161	228	23	(74)	337	(39)	7	1	(30)	307
Financing expenses	(2)			(48)	(50)	(1)			(1)	(50)
Share in income of related companies	(1)		(29)		(30)	4			4	(26)
Corporate income tax	(84)	(108)	(8)	67	(133)	11	(1)		10	(123)
NET INCOME FROM CONTINUING BUSINESSES	74	119	(14)	(55)	125	(25)	6	1	(18)	107
Net income from activities either discontinued or due to be discontinued										
TOTAL NET INCOME	74	119	(14)	(55)	124	(25)	6	1	(18)	107
of which, non-controlling interests										
OF WHICH, NET INCOME (GROUP SHARE)	74	119	(14)	(55)	124	(25)	6	1	(18)	106

In millions of euros	30/06/2018									
	France					International				Total
	Property and casualty insurance	Life and health insurance	Banking and finance business	Holding company	Total	Property and casualty insurance	Life and health insurance	Holding	Total	
Earned premiums	2,796	3,077			5,873	826	392		1,218	7,091
Net banking income, net of cost of risk			80		80					80
Investment income	124	944		(1)	1,067	47	58	2	107	1,174
Investment expenses	(44)	(308)		(13)	(364)	(17)	(9)		(26)	(390)
Capital gains or losses from divestments net of impairment and depreciation write-backs	39	151		10	200		10		10	210
Change in fair value of financial instruments recorded at fair value through income	(7)	9		1	3	1	(14)		(13)	(10)
Change in impairment on investments		(1)			(1)					(1)
Total income from ordinary businesses	2,908	3,873	80	(2)	6,858	857	438	1	1,296	8,154
Insurance policy servicing expenses	(1,806)	(3,111)			(4,918)	(531)	(339)		(871)	(5,788)
Income on outward reinsurance	(90)	43			(48)	26	1		27	(21)
Expenses on outward reinsurance	(154)	(49)			(203)	(77)	(2)		(79)	(282)
Banking operating expenses			(51)		(51)					(51)
Policy acquisition costs	(459)	(271)			(729)	(173)	(54)		(227)	(956)
Administrative costs	(114)	(56)			(170)	(44)	(21)		(65)	(236)
Other current operating income and expenses	(165)	(181)	1	(62)	(408)	(32)	(5)	(1)	(38)	(446)
CURRENT OPERATING INCOME	119	247	30	(64)	332	26	18	0	43	375
Other operating income and expenses	(10)	(2)		14	2	(6)	5		(1)	1
OPERATING INCOME	109	245	30	(50)	334	19	23	0	43	376
Financing expenses				(39)	(40)					(40)
Share in income of related companies	(1)		(24)		(25)	4			4	(20)
Corporate income tax	(56)	(101)	(10)	78	(89)	4	(4)			(89)
NET INCOME FROM CONTINUING BUSINESSES	52	144	(4)	(12)	180	27	19	0	46	227
Net income from activities either discontinued or due to be discontinued				(20)	(20)					(20)
OVERALL NET INCOME	52	144	(4)	(33)	160	27	19	0	46	206
of which, non-controlling interests										
OF WHICH, NET INCOME (GROUP SHARE)	52	144	(4)	(33)	160	27	19	0	46	206

NOTE 2 – GOODWILL

NOTE 2.1 – GOODWILL

In millions of euros	30/06/2019				31/12/2018
	Gross value	Impairment	Foreign exchange adjustment	Net value	Net value
Opening value	2,909	(697)	(304)	1,908	1,915
Newly consolidated entities					
Eliminations from the scope of consolidation					
France					
Central and Eastern European countries			(3)	(3)	(7)
Turkey					
Other changes during the fiscal year			(3)	(3)	(7)
Closing value	2,909	(697)	(307)	1,905	1,908

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

Changes during the fiscal year:

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

Impairment test:

Goodwill is tested for impairment at least once a year. This test is carried out at the level of the cash-generating unit during each annual close.

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

As a general rule, the flows used correspond to:

- An explicit period based on the Group's operational strategy planning in the early years. This is subject to an iterative discussion process between local management and the Group;
- Beyond the explicit horizon, the cash flow column is completed by a terminal value. This terminal value is based on long-term growth assumptions applied to an updated projection of normative cash flows;
- The solvency margin integrated into the business plans is valued according to the prudential rules established by the Solvency 2 directive for subsidiaries whose country is subject to this regulation.

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

During the first half of 2019, no indicators of loss of value were detected.

It should be recalled that in fiscal years 2009 to 2017, the Group devalued goodwill by €697 million for the following cash-generating units:

- Countries of Eastern and Central Europe for a total of €502 million, including: €113 million in 2009 corresponding to start-up risk in the emerging countries of Eastern Europe where OTP Bank is active, €79 million in 2010, €51 million in 2011, and €260 million in 2012;
- Greece: €39 million in 2011 and €9 million in 2012;
- Turkey: €88 million in 2016 and €58 million in 2017.

NOTE 3 – DISCONTINUED BUSINESS ACTIVITIES OR THOSE DUE TO BE SOLD OR DISCONTINUED**NOTE 3.1 – INCOME FROM DISCONTINUED BUSINESS ACTIVITIES**

During the first half of 2019, Groupama closed the liquidation of its UK subsidiary Groupama UK, a former holding company of brokerage firms sold in 2017. The income from this liquidation appears in the Group's income for a negligible amount.

NOTE 3.2 – BUSINESS ACTIVITIES TO BE SOLD OR DISCONTINUED

On 17 December 2018, the Group signed a framework agreement with Norwegian sovereign fund Norges Bank for the sale of 79 avenue des Champs-Élysées. Groupama therefore reclassified this asset as "held for sale" for €154 million compared with €150 million at 31 December 2018. This change was due to the continuation of work in progress in the property.

NOTE 4 – INVESTMENT PROPERTY, EXCLUDING UNIT-LINKED INVESTMENTS

In millions of euros	30/06/2019			31/12/2018		
	Property	SCI units	Total	Property	SCI units	Total
Opening gross value	1,242	195	1,436	1,500	194	1,694
Acquisitions	37	8	46	50	9	58
Change in consolidation scope						
Subsequent expenditure						
Assets capitalised in the year	32		32	171		171
Transfer from/to unit-linked property						
Transfer from/to operating property	1		1			
Foreign exchange adjustments						
Outward reinsurance	(27)	(4)	(31)	(326)	(8)	(334)
Other	(4)		(4)	(152)		(152)
Closing gross value	1,280	199	1,479	1,242	195	1,436
Opening cumulative amortisation	(246)		(246)	(260)		(260)
Increase	(14)		(14)	(24)		(24)
Change in scope of consolidation						
Transfer from/to unit-linked property						
Transfer from/to operating property						
Decrease	7		7	38		38
Other						
Closing cumulative amortisation & impairment	(253)		(253)	(246)		(246)
Opening cumulative long-term impairment	(12)	(6)	(18)	(21)	(6)	(27)
Long-term impairment recognised						
Change in scope of consolidation						
Transfer from/to operating property						
Long-term impairment write-backs				10		10
Closing cumulative long-term impairment	(12)	(6)	(17)	(12)	(6)	(18)
Opening net value	983	189	1,172	1,218	188	1,406
Closing net value	1,015	193	1,208	983	189	1,172
Closing fair value of investment property	2,638	357	2,995	2,617	349	2,966
Unrealised capital gains/losses	1,623	164	1,787	1,634	160	1,793

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

Unrealised gains accruing to the Group, including property operating activities (see Note 5), amounted to €808 million at 30 June 2019 (net of profit sharing and tax), compared with €757 million at 31 December 2018.

Sales of property during the fiscal year include in particular sales by vacant lots of the Group's residential assets.

As per the fair value hierarchy established in IFRS 13, the fair value of investment property is ranked as Level 2 for €2,406 million and Level 3 for €589 million. The Level 2 investment property comprises mainly property located in Paris, or the Greater Paris region, whose fair value is based on observable data.

NOTE 5 – OPERATING PROPERTY

In millions of euros	30/06/2019				31/12/2018		
	Property	Right of use	SCI units	Total	Property	SCI units	Total
Opening gross value	1,244		64	1,308	1,218	69	1,287
Acquisitions	8	297	1	306	25	2	27
Change in consolidation scope							
Assets capitalised in the year	15			15	14		14
Transfer from/to investment property	(1)			(1)			
Foreign exchange adjustments	(1)			(1)	(1)		(1)
Outward reinsurance	(77)		(1)	(78)	(12)	(7)	(19)
Other							
Closing gross value	1,188	297	64	1,548	1,244	64	1,308
Opening cumulative amortisation	(413)			(413)	(388)		(388)
Increase	(13)	(19)		(32)	(35)		(35)
Change in scope of consolidation							
Transfer from/to investment property							
Decrease	27			27	10		10
Other							
Closing cumulative amortisation & impairment	(398)	(19)		(418)	(413)		(413)
Opening cumulative long-term impairment	(99)			(100)	(86)		(87)
Long-term impairment recognised					(13)		(13)
Foreign exchange adjustments							
Transfer from/to investment property							
Long-term impairment write-backs	25			25			
Closing cumulative long-term impairment	(74)			(75)	(99)		(100)
Opening net value	731		64	795	743	69	812
Closing net value	715	277	64	1,056	731	64	795
Closing fair value of operating property	1,055	277	114	1,446	1,079	109	1,188
Unrealised capital gains (losses)	340	0	50	390	348	46	393

Divestments and reserve reversals for the fiscal year are mainly related to the sale of a Paris suburb property by Groupama Gan Vie.

It should be noted that the Group has applied IFRS 16 since 1 January 2019: leases are now recognised as an asset as well as a liability for the rent payment obligation.

NOTE 6 – FINANCIAL INVESTMENTS EXCLUDING UNIT-LINKED ITEMS

In millions of euros	30/06/2019	31/12/2018
	Net value	Net value
Assets valued at fair value	75,341	72,530
Assets valued at amortised cost	1,410	1,561
Total financial investments excluding unit-linked items	76,751	74,091

The bond security repurchase agreement business generated €4,576 million versus €4,527 million at 31 December 2018. The cash from these repurchase agreements is invested in specific funds held directly.

NOTE 6.1 – INVESTMENTS VALUED AT FAIR VALUE BY TYPE

In millions of euros	30/06/2019								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains (losses)		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Equities and other variable-income investments									
Available-for-sale assets	2,824	264	3,088	3,685	307	3,992	861	43	904
Assets classified as “trading”	43	1	43	43	1	43			
Assets classified as “held for trading”	433		433	433		433			
Total equities and other variable-income investments	3,300	264	3,564	4,161	307	4,468	861	43	904
Bonds and other fixed-income investments									
Available-for-sale assets	45,409	4,727	50,137	52,516	5,089	57,604	7,106	361	7,468
Assets classified as “trading”	26	1	27	26	1	27			
Assets classified as “held for trading”	4,522	188	4,709	4,522	188	4,709			
Total bonds and other fixed-income investments	49,957	4,916	54,873	57,063	5,277	62,340	7,106	361	7,468
Cash mutual funds									
Assets classified as “trading”	5,535	16	5,551	5,535	16	5,551			
Assets classified as “held for trading”	2,560	421	2,981	2,560	421	2,981			
Total cash mutual funds	8,095	437	8,532	8,095	437	8,532			
Other investments									
Available-for-sale assets									
Assets classified as “trading”									
Assets classified as “held for trading”									
Total other investments									
Total investments valued at fair value	61,352	5,617	66,969	69,319	6,021	75,341	7,967	405	8,371

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

In millions of euros	31/12/2018								
	Net amortised cost			Fair value (a)			Gross unrealised capital gains (losses)		
	France	Inter-national	Total	France	Inter-national	Total	France	Inter-national	Total
Equities and other variable-income investments									
Available-for-sale assets	2,883	286	3,169	3,489	302	3,791	607	15	622
Assets classified as "trading"	36		36	36		36			
Assets classified as "held for trading"	472	1	473	472	1	473			
Total equities and other variable-income investments	3,390	288	3,678	3,997	303	4,300	607	15	622
Bonds and other fixed-income investments									
Available-for-sale assets	45,443	4,734	50,178	50,470	4,931	55,400	5,027	196	5,223
Assets classified as "trading"	18		18	18		18			
Assets classified as "held for trading"	4,521	186	4,707	4,521	186	4,707			
Total bonds and other fixed-income investments	49,983	4,921	54,903	55,009	5,117	60,126	5,027	196	5,223
Cash mutual funds									
Assets classified as "trading"	5,482	13	5,495	5,482	13	5,495			
Assets classified as "held for trading"	2,565	44	2,609	2,565	44	2,609			
Total cash mutual funds	8,047	57	8,104	8,047	57	8,104			
Other investments									
Available-for-sale assets									
Assets classified as "trading"									
Assets classified as "held for trading"									
Total other investments									
Total investments valued at fair value	61,420	5,266	66,686	67,053	5,477	72,530	5,633	211	5,844

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

NOTE 6.2 – INVESTMENTS VALUED AT AMORTISED COST IN NET VALUE

In millions of euros	30/06/2019			31/12/2018		
	France	International	Total	France	International	Total
Loans	91	56	147	93	57	150
Deposits	994	209	1,203	1,105	237	1,342
Other	60		60	69		69
Total financial investment valued at amortised cost	1,146	265	1,410	1,266	294	1,561

NOTE 6.3 – RESERVES FOR IMPAIRMENT OF INVESTMENTS

In millions of euros	30/06/2019			31/12/2018		
	Gross	Reserves	Net	Gross	Reserves	Net
Available-for-sale assets						
Equities and other variable-income investments	3,339	(251)	3,088	3,467	(297)	3,169
Bonds and other fixed-income investments	50,156	(20)	50,137	50,190	(12)	50,178
Other investments						
Total available-for-sale assets	53,496	(271)	53,225	53,656	(310)	53,347
Financial investments valued at amortised cost	1,412	(2)	1,410	1,562	(2)	1,561
Financial investments valued at amortised cost	1,412	(2)	1,410	1,562	(2)	1,561

Total reserves for long-term impairment on investments measured at fair value were €271 million, compared with €310 million at 31 December 2018.

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

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

Reserves were determined in accordance with the rules set out in paragraph 3.2.1 of the accounting principles of the financial statements at 31 December 2018.

NOTE 6.4 – BOND PORTFOLIO – BY RATING

The presentations below pertain to only bond investments held directly or through consolidated mutual funds and do not take into account other investments with similar features (bond mutual funds, rate mutual funds, bond funds, etc.).

In millions of euros	30/06/2019						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	3,045	25,095	11,065	13,818	155	384	53,562
Classified as “trading”							
Classified as “held for trading”	52	63	980	30	1	5	1,132
Total listed bonds	3,097	25,158	12,046	13,848	156	390	54,694
Unlisted bonds							
Available-for-sale	1		5	97	8	8	118
Classified as “trading”							
Classified as “held for trading”			12			6	18
Total unlisted bonds	1		17	97	8	14	136
Total bond portfolio	3,098	25,158	12,062	13,945	164	403	54,830

In millions of euros	31/12/2018						
	AAA	AA	A	BBB	<BBB	Not rated	Total
Listed bonds							
Available-for-sale	2,906	24,447	10,394	13,223	178	389	51,537
Classified as “trading”							
Classified as “held for trading”	50	60	953	30		5	1,097
Total listed bonds	2,957	24,507	11,346	13,253	178	394	52,634
Unlisted bonds							
Available-for-sale	1	7	10	96		9	124
Classified as “trading”							
Classified as “held for trading”			23			5	29
Total unlisted bonds	1	7	33	96		15	152
Total bond portfolio	2,958	24,514	11,379	13,350	178	409	52,787

NOTE 6.5 – HIERARCHY OF FAIR VALUE

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

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

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

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

In millions of euros	30/06/2019				31/12/2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Available-for-sale assets								
Equities and other variable-income investments	3,502	91	399	3,992	3,260	111	419	3,791
Bonds and other fixed-income investments	55,622	780	1,202	57,604	53,527	601	1,272	55,400
Other investments								
Total available-for-sale assets	59,124	872	1,600	61,596	56,787	713	1,691	59,191
Trading assets								
Equities and other variable-return investments classified as “trading” or “held for trading”	166		310	476	175		334	509
Bonds and other fixed-income investments classified as “trading” or “held for trading”	3,630	620	486	4,736	3,611	602	512	4,726
Cash mutual funds classified as “trading” or “held for trading”	8,530	2		8,532	8,082	22		8,104
Other investments								
Total trading assets	12,326	622	796	13,744	11,868	624	846	13,339
Sub-total financial investments at fair value (excluding unit-linked items)	71,450	1,494	2,397	75,341	68,656	1,337	2,537	72,530
Investments in unit-linked policies	6,837	2,894	247	9,978	6,135	2,607	303	9,045
Derivative assets and liabilities		(520)		(520)		(487)		(487)
Total financial assets and liabilities valued at fair value	78,287	3,867	2,644	84,798	74,791	3,457	2,840	81,088

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

Derivative instruments posted to assets totalled €133 million, and derivative instruments posted to liabilities on the balance sheet totalled €653 million at 30 June 2019. These instruments are classified in level 2.

The Level 3 investments comprise:

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

Beyond the financial assets and liabilities described in the table, the Group recorded unit-linked financial contracts without discretionary profit-sharing in its technical liabilities. This amount totalled €159 million at 30 June 2019, compared with €148 million at 31 December 2018.

In millions of euros	30/06/2019								
	Available-for-sale assets			Trading assets				Investments in unit-linked policies	Derivative assets and liabilities
	Equities	Bonds	Other investments	Equities	Bonds	Cash mutual funds	Other investments		
Level 3 opening amount	419	1,272		334	512			303	
Change in unrealised capital gains/losses recognised in:									
- income		(2)		(45)	(7)			6	
- gains and losses recognised directly in shareholders' equity	(8)	18							
Transfer to level 3									
Transfer outside of level 3	(32)	(71)			(29)				
Reclassification to loans and receivables									
Change in scope of consolidation									
Acquisitions	24	135		32	18			3	
Divestments/Redemptions	(4)	(150)		(11)	(8)			(63)	
Foreign exchange adjustments	(1)							(1)	
Level 3 closing amount	399	1,202		310	486			247	

NOTE 7 – INVESTMENTS REPRESENTING COMMITMENTS IN UNIT-LINKED INVESTMENTS

In millions of euros	30/06/2019			31/12/2018		
	France	International	Total	France	International	Total
Variable-income securities and related securities		3	3		3	3
Bonds	2,839	316	3,155	2,551	397	2,948
Equity mutual fund units	5,765	190	5,955	5,220	171	5,391
Bond and other UCITS units	238	459	697	197	251	448
Other investments		60	60		145	145
Subtotal of unit-linked financial investments	8,842	1,027	9,869	7,968	968	8,935
Unit-linked investment property	109		109	110		110
Subtotal of unit-linked investment property	109		109	110		110
Total	8,951	1,027	9,978	8,077	968	9,045

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

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

In millions of euros	30/06/2019					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	130	(648)			130	(648)
Options						
Foreign currency futures	2	(5)			2	(5)
Other						
Total	133	(653)			133	(653)

In millions of euros	31/12/2018					
	France		International		Total	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Swaps	114	(598)			114	(598)
Options						
Foreign currency futures		(3)				(3)
Other						
Total	114	(601)			114	(601)

The Group makes use of various derivatives:

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

These derivatives are not recorded as hedging transactions in the sense of IAS 39. As per the principles described in note 3.3 to the 31 December 2018 financial statements, they are recognised at fair value on the balance sheet as counterpart to the income statement.

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

NOTE 9 – SHARE OF OUTWARD REINSURERS AND RETROCESSIONAIRES IN LIABILITIES RELATED TO INSURANCE POLICIES AND FINANCIAL CONTRACTS

In millions of euros	30/06/2019			31/12/2018		
	France	International	Total	France	International	Total
Share of reinsurers in non-life insurance reserves						
Reserves for unearned premiums	17	21	39	11	16	26
Outstanding claims reserves	559	73	632	628	80	708
Other underwriting reserves	364		365	354	1	355
Total	941	95	1,036	993	96	1,089
Share of reinsurers in life insurance reserves						
Life insurance reserves	24	1	26	23	2	26
Outstanding claims reserves	19	3	22	23	3	25
Reserves for profit-sharing	14		14	15		15
Other underwriting reserves						
Total	58	5	62	61	5	65
Share of reinsurers in financial contract reserves						
Total	998	100	1,098	1,054	101	1,154

NOTE 10 – DEFERRED TAXES

NOTE 10.1 – ANALYSIS OF THE MAJOR COMPONENTS OF DEFERRED TAXES

In millions of euros	30/06/2019	31/12/2018
Deferred taxes resulting from timing differences		
Restatements on AFS & Trading financial instruments (net of deferred profit sharing)	(582)	(357)
Life acquisition costs and overall management expenses reserve	(38)	(36)
Consolidation restatements on technical reserves	(146)	(154)
Other differences on consolidation restatements	106	112
Deferred non-life acquisition costs	(58)	(54)
Tax differences on technical reserves and other contingent liabilities	338	376
Tax-deferred capital gains	(3)	(5)
Valuation difference on mutual funds	103	64
Foreign exchange hedge	6	7
Other temporary tax differences	47	(17)
Subtotal of deferred taxes resulting from timing differences	(228)	(64)
Deferred taxes on ordinary losses	2	30
Deferred taxes recorded on the balance sheet	(226)	(34)
of which, assets	30	39
of which, liabilities	(256)	(73)

Unrecognised deferred taxes on net assets amounted to €16 million at 30 June 2019, compared with €10 million at 31 December 2018.

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

NOTE 11 – RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE TRANSACTIONS

NOTE 11.1 – RECEIVABLES FROM INSURANCE OR INWARD REINSURANCE – BY OPERATING SEGMENT

In millions of euros	30/06/2019						31/12/2018	
	France			International			Total	Total
	Gross value	Reserves	Net value	Gross value	Reserves	Net value		
Earned unwritten premiums	893		893	19		19	912	964
Policyholders, intermediaries, and other third parties	3,092	(24)	3,068	314	(59)	255	3,323	1,328
Current accounts – co-insurers and other third parties	142	(7)	135	61	(46)	15	151	127
Current accounts for ceding and retroceding companies and other receivables from inward reinsurance operations	208		208	4		4	212	195
Total	4,335	(31)	4,304	398	(105)	293	4,597	2,614

NOTE 12 – SHAREHOLDERS’ EQUITY, MINORITY INTERESTS

NOTE 12.1 – SHARE CAPITAL LIMITS FOR INSURANCE COMPANIES

Insurance business operations are governed by regulatory constraints that define minimum share capital or initial capital in particular. In France, in accordance with the European directive and by virtue of Articles R322-44 of the French insurance code, French companies subject to State control and incorporated in the form of agricultural insurance or reinsurance mutuals must have initial capital of at least €240,000 or €400,000 depending on their insurance sectors. Pursuant to Article R332-5 of the French insurance code, French public limited companies must have share capital of at least €480,000 or €800,000 depending on the branches operated.

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

NOTE 12.2 – IMPACTS OF TRANSACTIONS WITH MEMBERS

➤ Change in the Group’s shareholders’ equity during the first half of 2019

During the first half of 2019, the regional mutuals issued €27 million in mutual certificates to their members and customers.

➤ Accounting treatment of subordinated bonds classified in equity instruments

Loans categorised under shareholders’ equity are perpetual subordinated bonds detailed as follows:

Issued by	Nominal in millions of euros	Issue date	Next issuer repayment option	Coupon	Coupon rate	Step-up clause
Groupama Assurances Mutuelles	1,100	28/05/2014	28/05/2024	Fixed	6.375%	yes

This loan presents the following particular features:

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

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

NOTE 12.3 – RESERVES RELATED TO CHANGES IN FAIR VALUE RECORDED IN SHAREHOLDERS' EQUITY

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

In millions of euros	30/06/2019	31/12/2018
Gross unrealised capital gains/losses on available-for-sale assets	8,371	5,844
Shadow accounting	(5,788)	(4,212)
Cash flow hedge and other changes	(40)	(40)
Deferred taxes	(545)	(304)
Share of non-controlling interests	(5)	(3)
Revaluation reserve – Group share	1,994	1,285

The deferred tax amount shown in the table above equates to the application of i) a short-term and long-term tax rate on the unrealised gains on financial instruments classified as "available-for-sale assets"; and ii) a short-term tax rate on deferred profit sharing ("shadow accounting"). Under the new rules for long-term capital gains/losses applicable at 1 January 2006, the unrealised capital gains on "strategic" equity interests are exempt for the calculation of the deferred tax up to a maximum percentage of costs and expenses (i.e., an effective rate of 3.47%).

"Cash flow hedge and other changes" for -€40 million includes a cash flow hedge revaluation reserve of -€22 million and a net investment hedge revaluation reserve of -€18 million. These reserves 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 13 – FINANCING DEBT
NOTE 13.1 – FINANCING DEBT – BY MATURITY

In millions of euros	30/06/2019				31/12/2018			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Subordinated debt of insurance companies			1,634	1,634			1,633	1,633
Financing debt represented by securities								
Financing debt with banking-sector companies	2	5		6	2	5		6
Total	2	5	1,634	1,640	2	5	1,633	1,639

Redeemable subordinated securities classified as “financing liabilities” detailed as follows:

Issued by	Nominal in millions of euros	Issue date	Maturity (if dated)	Next issuer repayment option	Coupon	Coupon rate	Step-up clause
Groupama Assurances Mutuelles	500	27/10/2009	27/10/2039	27/10/2019	Fixed	7.88%	yes
Groupama Assurances Mutuelles	650	23/01/2017	23/01/2027		Fixed	6.00%	no
Groupama Assurances Mutuelles	500	24/09/2018	24/09/2028		Fixed	3.38%	no

At 30 June 2019:

- the 2009 issue was 102.6%, compared with 105.5% at 31 December 2018;
- the 2017 issue was 124.7%, compared with 111.2% at 31 December 2018;
- the 2018 issue was 106.5%, compared with 92.3% at 31 December 2018.

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

NOTE 14 – LIABILITIES RELATED TO INSURANCE POLICIES
NOTE 14.1 – LIABILITIES RELATED TO INSURANCE POLICIES – BY OPERATING SEGMENT

In millions of euros	30/06/2019			31/12/2018		
	France	International	Total	France	International	Total
Gross technical reinsurance reserves						
Life insurance reserves	31,721	742	32,463	31,787	759	32,546
Outstanding claims reserves	643	51	694	622	67	690
Reserves for profit-sharing	756	2	758	552	3	555
Other underwriting reserves	3	12	15	3	18	21
Total Life insurance	33,123	807	33,930	32,965	847	33,812
Reserves for unearned premiums	3,368	671	4,040	1,125	676	1,802
Outstanding claims reserves	9,525	2,104	11,630	9,607	2,079	11,686
Other underwriting reserves	3,715	37	3,752	3,567	35	3,602
Total Non-life insurance	16,608	2,813	19,421	14,299	2,790	17,090
Life insurance reserves for unit-linked policies	9,379	1,060	10,438	8,480	999	9,479
Total	59,110	4,679	63,790	55,744	4,636	60,380

The adequacy tests carried out on liabilities at 30 June 2019 were found to be satisfactory and did not result in the recognition of any additional technical expense.

NOTE 14.2 – LIABILITIES RELATED TO INSURANCE POLICIES BY BUSINESS

In millions of euros	30/06/2019			31/12/2018		
	Life and health insurance	Property and casualty insurance	Total	Life and health insurance	Property and casualty insurance	Total
Gross technical reinsurance reserves						
Life insurance reserves	32,463		32,463	32,546		32,546
Outstanding claims reserves	694		694	690		690
Reserves for profit-sharing	758		758	555		555
Other underwriting reserves	15		15	21		21
Total Life insurance	33,930		33,930	33,812		33,812
Reserves for unearned premiums	899	3,141	4,040	213	1,589	1,802
Outstanding claims reserves	1,085	10,544	11,630	1,184	10,502	11,686
Other underwriting reserves	2,925	826	3,752	2,807	795	3,602
Total Non-life insurance	4,910	14,513	19,421	4,203	12,887	17,090
Life insurance reserves for unit-linked policies	10,438		10,438	9,479		9,479
Total	49,278	14,513	63,790	47,493	12,887	60,380

NOTE 15 – TECHNICAL LIABILITIES RELATING TO FINANCIAL CONTRACTS

In millions of euros	30/06/2019	31/12/2018
Reserves on financial contracts with discretionary profit sharing		
Life technical reserves	11,927	12,108
Reserves for unit-linked contracts	63	59
Outstanding claims reserves	119	104
Reserves for profit-sharing	81	223
Other underwriting reserves		
Total	12,190	12,495
Reserves on financial contracts without discretionary profit sharing		
Life technical reserve		
Reserves on unit-linked policies	159	148
Outstanding claims reserves	1	1
Reserves for profit-sharing		
Other underwriting reserves		
Total	160	148
Total	12,351	12,643

NOTE 16 – DEFERRED PROFIT SHARING LIABILITIES

In millions of euros	30/06/2019			31/12/2018		
	France	International	Total	France	International	Total
Reserve for deferred profit sharing of insurance policies	5,267	11	5,278	3,746	10	3,757
Reserve for deferred profit sharing of financial contracts		102	102		47	47
Total	5,267	113	5,380	3,746	57	3,804

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

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

The rates used in France at 30 June 2019 fall within a bracket of between 74.52% and 88.03%, with 81.84% for Groupama Gan Vie.

NOTE 17 – IFRS 16 RENT LIABILITIES
NOTE 17.1 – IFRS 16 RENT LIABILITIES – BY OPERATING SEGMENT

In millions of euros	30/06/2019		
	France	International	Total
IFRS 16 rent liabilities	259	21	280
Total	259	21	280

NOTE 17.2 – IFRS 16 RENT LIABILITIES – BY MATURITY

In millions of euros	30/06/2019			
	< 1 year	1 to 5 years	> 5 years	Total
IFRS 16 rent liabilities	42	124	113	280
Total	42	124	113	280

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.

NOTE 18 – ANALYSIS OF PREMIUM INCOME
NOTE 18.1 – ANALYSIS OF INSURANCE PREMIUM INCOME BY MAJOR CATEGORY

In millions of euros	30/06/2019			30/06/2018		
	France	International	Total	France	International	Total
Individual retirement savings	942	217	1,159	956	240	1,196
Individual protection insurance	473	65	538	471	65	536
Individual health	1,108	31	1,139	1,088	31	1,119
Other	99		99	98		98
Individual life and health insurance	2,623	313	2,936	2,613	336	2,949
Group retirement savings	111	13	125	164	19	183
Group protection scheme	304	10	314	274	26	299
Group health	479	19	498	428	18	445
Other	258		258	230		230
Group life and health insurance	1,152	43	1,195	1,095	63	1,158
Life and health insurance	3,774	356	4,131	3,709	398	4,107
Motor	1,195	502	1,697	1,182	553	1,735
Other vehicles	75		75	77		77
Home insurance	842	108	950	822	105	927
Personal and professional property damage	320	7	328	320	7	327
Construction	157		157	150		150
Private and professional	2,590	617	3,207	2,551	666	3,217
Fleets	375	30	405	365	32	396
Business and local authorities casualty	361	93	454	356	89	445
Businesses and local authorities	736	124	859	721	121	841
Agricultural risks	456	37	493	455	121	575
Climate risks	120		120	119		119
Tractors and farming equipment	285		285	278		278
Agricultural business lines	861	37	898	852	121	973
Other business lines	247	35	282	226	35	261
Property and casualty insurance	4,434	812	5,246	4,349	942	5,292
Total	8,208	1,169	9,377	8,058	1,341	9,399

NOTE 19 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES
NOTE 19.1 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES – BY OPERATING SEGMENT

In millions of euros	30/06/2019			30/06/2018		
	France	International	Total	France	International	Total
Interest on deposits and financial investments income	904	105	1,009	916	102	1,018
Gains on foreign exchange transactions	46	6	52	37	4	41
Income from differences on redemption prices as yet not received (premium/discount)	55	2	56	58	1	59
Income from property	52		52	56		56
Other investment income						
Income from investments	1,057	112	1,169	1,067	107	1,174
Interest on deposits received from reinsurers	(1)		(1)	(1)		(1)
Losses on foreign exchange transactions	(41)	(4)	(45)	(29)	(3)	(32)
Amortisation of differences in redemption prices (premium-discount)	(107)	(12)	(119)	(117)	(14)	(131)
Impairment and reserves on property	(41)	(3)	(44)	(41)	(1)	(42)
Management expenses	(158)	(8)	(165)	(176)	(7)	(184)
Investment expenses	(348)	(27)	(374)	(364)	(26)	(390)
Held for trading	(14)		(14)	(17)	7	(10)
Available-for-sale	58	1	59	167	3	169
Held to maturity						
Other	60		60	50	1	51
Capital gains (losses) from sales of investments, net of impairment reversals and write-backs	105	1	106	200	10	210
Held for trading	5	19	24	(97)	(9)	(107)
Derivatives	(56)		(56)	31		31
Adjustments on unit-linked policies	943	31	973	69	(4)	66
Change in fair value of financial instruments recorded at fair value by income	891	50	941	3	(13)	(10)
Available-for-sale	(8)		(8)	(1)		(1)
Held to maturity						
Receivables and loans						
Change in impairment losses on financial instruments	(8)		(8)	(1)		(1)
Total	1,698	136	1,834	905	78	983

NOTE 19.2 – INVESTMENT INCOME NET OF MANAGEMENT EXPENSES (INCOME BREAKDOWN BY TYPE OF ASSET)

In millions of euros	30/06/2019					30/06/2018				
	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	7	60		1	69	29	51		(15)	65
Equities	82				82	45	54	(1)	(1)	97
Bonds	689	5	34	(8)	720	719	68	(6)		781
Equity mutual funds	74	39	(19)	(1)	94	85	64	(69)		80
Mutual funds: Cash from repurchase agreements		(6)	(1)		(7)		(8)	(1)		(9)
Other cash mutual funds		(2)	(1)		(3)		(3)	(3)		(6)
Bond mutual funds	24	7	54		84	21	(16)	(18)		(14)
Derivatives			(56)		(56)			31		31
Other investment income	128	3	(43)		88	117	1	(8)		110
Investment income	1,005	106	(32)	(7)	1,072	1,015	210	(75)	(16)	1,134
Internal and external management expenses and expenses on financial instruments	(163)				(163)	(178)				(178)
Other investment expenses	(48)				(48)	(38)				(38)
Investment expenses	(211)				(211)	(216)				(216)
Investment income, net of expenses	794	106	(32)	(7)	860	799	210	(75)	(16)	918
Capital gains on securities representing unit-linked policies			1,005		1,005			266		266
Capital losses on securities representing unit-linked policies			(32)		(32)			(200)		(200)
Adjustments on unit-linked policies			973		973			66		66
Total	794	106	941	(7)	1,834	799	210	(10)	(16)	983

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

NOTE 20 – INSURANCE POLICY SERVICING EXPENSES
NOTE 20.1 – INSURANCE POLICY SERVICING EXPENSES – BY OPERATING SEGMENT

In millions of euros	30/06/2019			30/06/2018		
	France	International	Total	France	International	Total
Claims						
Paid to policyholders	(5,123)	(834)	(5,957)	(4,906)	(902)	(5,807)
Change in technical reserves						
Outstanding claims reserves	95	(12)	84	(46)	54	8
Actuarial reserves	972	18	990	1,058	12	1,070
Unit-linked reserves	(1,164)	(65)	(1,229)	(397)	(4)	(401)
Profit sharing	(501)	(47)	(548)	(561)	(30)	(590)
Other underwriting reserves	(118)	5	(113)	(66)	(2)	(68)
Total	(5,839)	(935)	(6,774)	(4,918)	(871)	(5,788)

NOTE 21 – OUTWARD REINSURANCE INCOME (EXPENSES)
NOTE 21.1 – OUTWARD REINSURANCE INCOME (EXPENSES) – BY OPERATING SEGMENT

In millions of euros	30/06/2019			30/06/2018		
	France	Inter- national	Total	France	Inter- national	Total
Acquisition and administrative costs	28	2	31	21	12	34
Claims charges	33	8	41	(78)	15	(63)
Change in technical reserves	8	(1)	7	9		9
Profit sharing						
Change in the equalisation reserve						
Income on outward reinsurance	69	9	78	(48)	27	(21)
Outward premiums	(229)	(30)	(259)	(209)	(112)	(320)
Change in unearned premiums	7	6	13	5	33	38
Expenses on outward reinsurance	(223)	(23)	(246)	(203)	(79)	(282)
Total	(153)	(14)	(168)	(251)	(52)	(303)

NOTE 22 – FINANCING EXPENSES

In millions of euros	30/06/2019	30/06/2018
Redeemable subordinated securities	(48)	(39)
Perpetual subordinated bonds		
Financing expenses on rent liabilities	(2)	
Other financing expenses		
Total	(50)	(40)

The increase in expenses from redeemable subordinated securities is due to the new €500 million redeemable subordinated security subscribed during the second half of 2018.

NOTE 23 – BREAKDOWN OF TAX EXPENSES
NOTE 23.1 – BREAKDOWN OF TAX EXPENSES BY OPERATING SEGMENT

In millions of euros	30/06/2019			30/06/2018		
	France	International	Total	France	International	Total
Current taxes	(162)	(3)	(165)	(41)	(4)	(45)
Deferred taxes	29	13	42	(48)	3	(44)
Total	(133)	10	(123)	(89)	0	(89)

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

NOTE 23.2 – RECONCILIATION BETWEEN TOTAL ACCOUNTING TAX EXPENSE AND THEORETICAL TAX EXPENSE CALCULATIONS

In millions of euros	30/06/2019	30/06/2018
Theoretical tax expense	(67)	(109)
Impact of expenses or income defined as non-deductible or non-taxable	(19)	27
Impact of differences in tax rate	(38)	(7)
Tax credit and various charges		
Charges of prior deficits		
Losses for the fiscal year not capitalised		
Deferred tax assets not accounted for		
Other differences		
Effective tax expense	(123)	(89)

Overall, income tax corresponded to an expense (deferred tax plus social tax) of €123 million at 30 June 2019, versus an expense of €89 million at 30 June 2018.

The reconciliation with the theoretical statutory tax is as follows:

In millions of euros	30/06/2019		30/06/2018	
	Consolidated income (losses) before tax	Theoretical tax rate	Consolidated income (losses) before tax	Theoretical tax rate
France	257	current taxes: 34.43% deferred tax: 28.92%	249	current taxes: 34.43% deferred tax: 32.02%
Bulgaria		10.00%	1	10.00%
China	1	25.00%	3	25.00%
Greece	4	27.00%	9	29.00%
Hungary	12	9.00%	12	9.00%
Italy	(51)	30.82%	2	30.82%
Romania	(6)	16.00%	3	16.00%
United Kingdom		19.00%		19.00%
Tunisia	2	30.00%	1	30.00%
Turkey	9	22.00%	16	22.00%
Total	230		296	

The theoretical tax rate applicable in France remains 34.43% on current taxes and becomes 28.92% on deferred taxes. It is emphasised that within France, deferred taxation has been determined including the gradual reduction in corporation tax rates to 25.82% by 2022.

Theoretical tax rates remained unchanged over the period.

OTHER INFORMATION

NOTE 24 – LIST OF ENTITIES IN THE SCOPE OF CONSOLIDATION AND MAJOR CHANGES TO THE SCOPE OF CONSOLIDATION

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

Merger and change of company name

- Groupama Sigorta Emeklilik became Groupama HAYAT.
- SCI WINDOW LA DEFENSE was taken over by Groupama GAN Paris La Défense Office.
- The GROUPAMA CASH EQUIVALENT G D mutual fund became GROUPAMA ULTRA SHORT TERM BOND G D.

Disposals and removals from the scope of consolidation

- GUK Broking Services was liquidated.
- One mutual fund was removed from the scope of consolidation.

	Business sector	Location of head office	30/06/2019			31/12/2018		
			% control	% interest	Method	% control	% interest	Method
GROUPAMA Méditerranée	Insurance	France	-	-	A	-	-	A
GROUPAMA Centre Manche	Insurance	France	-	-	A	-	-	A
GROUPAMA Grand Est	Insurance	France	-	-	A	-	-	A
GROUPAMA OC	Insurance	France	-	-	A	-	-	A
MISSEO	Insurance	France	-	-	A	-	-	A
GROUPAMA Loire Bretagne	Insurance	France	-	-	A	-	-	A
GROUPAMA Paris Val-de-Loire	Insurance	France	-	-	A	-	-	A
GROUPAMA Nord-Est	Insurance	France	-	-	A	-	-	A
CAISSE des producteurs de tabac	Insurance	France	-	-	A	-	-	A
GROUPAMA Rhône-Alpes-Auvergne	Insurance	France	-	-	A	-	-	A
GROUPAMA Centre Atlantique	Insurance	France	-	-	A	-	-	A
GROUPAMA Antilles-Guyane	Insurance	France	-	-	A	-	-	A
GROUPAMA Océan Indien et Pacifique	Insurance	France	-	-	A	-	-	A
CLAMA Méditerranée	Insurance	France	-	-	A	-	-	A
CLAMA Centre Manche	Insurance	France	-	-	A	-	-	A
CLAMA Grand Est	Insurance	France	-	-	A	-	-	A
CLAMA OC	Insurance	France	-	-	A	-	-	A
CLAMA Loire Bretagne	Insurance	France	-	-	A	-	-	A
CLAMA Paris Val-de-Loire	Insurance	France	-	-	A	-	-	A
CLAMA Nord-Est	Insurance	France	-	-	A	-	-	A
CLAMA Rhône-Alpes-Auvergne	Insurance	France	-	-	A	-	-	A
CLAMA Centre Atlantique	Insurance	France	-	-	A	-	-	A
CLAMA Antilles-Guyane	Insurance	France	-	-	A	-	-	A
CLAMA Océan Indien et Pacifique	Insurance	France	-	-	A	-	-	A
GIE GROUPAMA Supports et Services	EIG	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA CAMPUS	Property	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSURANCES MUTUELLES	Holding company/ Reinsurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA HOLDING FILIALES et PARTICIPATIONS	Holding	France	100.00	100.00	FC	100.00	100.00	FC
COFINTEX 2	Holding	France	100.00	100.00	FC	100.00	100.00	FC
COFINTEX 17	Holding	France	100.00	100.00	FC	100.00	100.00	FC
COMPAGNIE FINANCIERE D'ORANGE BANK	Holding	France	35.00	35.00	EM	35.00	35.00	EM
GROUPAMA GAN VIE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GAN PATRIMOINE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
CAISSE FRATERNELLE D'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
SOCIETE FRANCAISE DE PROTECTION JURIDIQUE	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
LA BANQUE POSTALE ASSURANCES IARD	Insurance	France	35.00	35.00	EM	35.00	35.00	EM
AMALINE ASSURANCES	Insurance	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA SIGORTA	Insurance	Turkey	99.52	99.52	FC	99.52	99.52	FC
GROUPAMA HAYAT	Insurance	Turkey	100.00	99.79	FC	100.00	99.79	FC
GROUPAMA Investment BOSPHORUS	Holding	Turkey	100.00	100.00	FC	100.00	100.00	FC
STAR	Insurance	Tunisia	35.00	35.00	EM	35.00	35.00	EM
GROUPAMA ZASTRAHOVANE NON LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA JIVOTOZASTRAHOVANE LIFE	Insurance	Bulgaria	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA BIZTOSITO	Insurance	Hungary	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA PHOENIX Hellenic Asphalistiche	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

A: Aggregation FC: Full consolidation EM: Equity method

	Business sector	Location of head office	30/06/2019			31/12/2018		
			% control	% interest	Method	% control	% interest	Method
GUK BROKING SERVICES	Holding	United Kingdom				100.00	100.00	FC
GROUPAMA ASSICURAZIONI	Insurance	Italy	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASIGURARI	Insurance	Romania	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA ASSET MANAGEMENT	Asset management	France	100.00	100.00	FC	100.00	100.00	FC
ORANGE BANK	Banking	France	35.00	35.00	EM	35.00	35.00	EM
GROUPAMA EPARGNE SALARIALE	Asset management	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA IMMOBILIER	Asset management	France	100.00	100.00	FC	100.00	100.00	FC
COMPAGNIE FONCIERE PARISIENNE	Property	France	100.00	100.00	FC	100.00	100.00	FC
SCI WINDOW LA DEFENSE	Property	France				100.00	100.00	FC
GAN FONCIER II	Property	France	100.00	100.00	FC	100.00	100.00	FC
IXELLOR	Property	France	100.00	100.00	FC	100.00	100.00	FC
79 CHAMPS ELYSÉES	Property	France	100.00	100.00	FC	100.00	100.00	FC
SOCIETE FORESTIERE GROUPAMA	Property	France	100.00	100.00	FC	100.00	100.00	FC
FORDEV	Property	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA GAN PARIS LA DEFENSE OFFICE	OPCI	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA GAN RETAIL FRANCE	OPCI	France	100.00	100.00	FC	100.00	100.00	FC
THE LINK PARIS LA DEFENSE	Property	France	100.00	100.00	FC	100.00	100.00	FC
SCI GAN FONCIER	Property	France	100.00	98.89	FC	100.00	98.89	FC
VICTOR HUGO VILLIERS	Property	France	100.00	98.89	FC	100.00	98.89	FC
1 BIS FOCH	Property	France	100.00	98.89	FC	100.00	98.89	FC
16 MESSINE	Property	France	100.00	98.89	FC	100.00	98.89	FC
9 MALESHERBES	Property	France	100.00	98.89	FC	100.00	98.89	FC
97 VICTOR HUGO	Property	France	100.00	98.89	FC	100.00	98.89	FC
44 THEATRE	Property	France	100.00	98.89	FC	100.00	98.89	FC
150 CHAMPS ELYSEES SO LUXURY HOTEL	Property	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA GAN PARIS SO PRIME	Property	France	100.00	100.00	FC	100.00	100.00	FC
SCI UNI ANGES	Property	France	100.00	100.00	FC	100.00	100.00	FC
261 RASPAIL	Property	France	100.00	100.00	FC	100.00	100.00	FC
GAN INVESTISSEMENT FONCIER	Property	France	100.00	100.00	FC	100.00	100.00	FC
3 ROSSINI (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
150 RENNES (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
99 MALESHERBES (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
SCA CHATEAU D'AGASSAC	Property	France	100.00	100.00	FC	100.00	100.00	FC
102 MALESHERBES (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
LES FRERES LUMIERE	Property	France	100.00	100.00	FC	100.00	100.00	FC
CAP DE FOUSTE (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
CHAMALIERES EUROPE (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
12 VICTOIRE (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
DOMAINE DE FARES	Property	France	50.00	50.00	EM	50.00	50.00	EM
38 LE PELETIER (SCI)	Property	France	100.00	100.00	FC	100.00	100.00	FC
SCIMA GFA	Property	France	100.00	100.00	FC	100.00	100.00	FC
LABORIE MARCENAT	Property	France	74.10	74.10	EM	74.10	74.10	EM
SCI CHATEAU D'AGASSAC	Property	France	100.00	100.00	FC	100.00	100.00	FC
SA SIRAM	Property	France	90.07	90.07	FC	90.07	90.07	FC
GROUPAMA PIPACT	Property	France	100.00	100.00	FC	100.00	100.00	FC
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	100.00	100.00	FC	100.00	100.00	FC

A: Aggregation FC: Full consolidation EM: Equity method

	Business sector	Location of head office	30/06/2019			31/12/2018		
			% control	% interest	Method	% control	% interest	Method
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	98.32	FC	98.33	98.33	FC
GROUPAMA CONVERTIBLES ID D	Mutual fund	France	92.39	90.34	FC	97.98	95.80	FC
GROUPAMA ENTREPRISES IC C	Mutual fund	France	21.81	21.81	EM	29.93	29.93	EM
GROUPAMA CREDIT EURO IC C	Mutual fund	France	96.94	96.94	FC	95.97	95.97	FC
GROUPAMA CREDIT EURO ID D	Mutual fund	France	99.99	99.99	FC	99.99	99.99	FC
WASHINGTON EURO NOURRI 16 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 17 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 18 FCP	Mutual fund	France	87.50	87.49	FC	87.50	87.50	FC
GROUPAMA OBLIGATION MONDE I C	Mutual fund	France	94.63	91.71	FC	94.48	91.56	FC
WASHINGTON EURO NOURRI 19 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 20 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 21 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
WASHINGTON EURO NOURRI 23 FCP	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG STRUCTURÉ LIFE D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA EONIA IC C	Mutual fund	France	35.56	35.56	EM	49.95	49.95	EM
ASTORG PENSION D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG CASH MT D	Mutual fund	France	99.59	99.59	FC	99.48	99.14	FC
GROUPAMA CREDIT EURO LT G D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 1 D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 2 D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 3 D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 4 D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG THESSALONIQUE 5 D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
ASTORG MONETAIRE D	Mutual fund	France	99.75	99.75	FC	99.76	99.76	FC
GROUPAMA ULTRA SHORT TERM BOND G D	Mutual fund	France	68.32	68.32	FC	50.75	50.75	FC
ASTORG REPO INVEST D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
GROUPAMA TRESORERIE P C	Mutual fund	France				36.74	36.74	EM
ASTORG OBLIGATIONS CT G D	Mutual fund	France	96.94	93.57	FC	97.08	93.88	FC
ASTORG OBLIGATIONS CT GA D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC
G FUND – EUROPEAN CONVERTIBLE BONDS GD D	Mutual fund	France	100.00	100.00	FC	100.00	100.00	FC

A: Aggregation FC: Full consolidation EM: Equity method

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

**Statutory auditors' report
on the 2019 half-year financial information
of the condensed combined financial statements**

PricewaterhouseCoopers Audit

63, rue de Villiers
92200 Neuilly sur Seine

MAZARS

61, rue Henri Régault
Tour Exaltis
92400 Courbevoie

**Statutory auditors' report
on the 2019 half-year financial information
of the condensed combined financial statements**

Period from 1 January 2019 to 30 June 2019

Dear Members,

CAISSE NATIONALE DE REASSURANCE MUTUELLE AGRICOLE GROUPAMA

8-10 rue d'Astorg
75008 Paris, France

Ladies and Gentlemen,

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

- the limited review of the condensed combined half-year financial statements of CAISSE NATIONALE DE REASSURANCE MUTUELLE AGRICOLE GROUPAMA, relating to the period from 1 January 2019 to 30 June 2019, as attached to this report;
- verification of the information provided in the half-year report.

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

I - Conclusion on the financial statements

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

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

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

II - Comments

Without qualifying our conclusion expressed above, we draw your attention to Note 2.2. "Accounting Principles" to the condensed combined half-year financial statements, which explains the impacts of the first-time application of IFRS 16 "Leases".

III - Specific verification

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

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

Neuilly-sur-Seine and Courbevoie, 2 September 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

MAZARS

Christine Billy

Pascal Parant

Nicolas Dusson